

# FAR EASTERN ECONOMIC REVIEW

Vol. XXIV

Hongkong, February 13, 1958

No. 7

Election Preparation in China .....	193	Economic Letter from Tokyo ....	208	Hongkong Share Market; Hongkong Stock Exchange in January; Highest & Lowest Quotations for Shares in 1957	215
Survey of Hongkong's Trade in 1957 .....	195	<b>Philippines</b>		Singapore Shares .....	217
<b>China</b>		Economic Letter from Manila ....	209	Trade Developments in January (China Trade; HK Entrepot Trade; HK Commodity Markets; HK Commodity Prices) ..	217
China's Battle against Loess Lands .....	201	Philippine Economic Reports .....	210	Hongkong Company Incorporations .....	222
Parochialism and Progress in Kwangtung .....	203	<b>Hongkong</b>		Hongkong Company Meetings ....	223
<b>Japan</b>		Hongkong Notes and Reports ....	211		
The Chemical Fiber Industry of Japan .....	205	Hongkong's Geography .....	212		
		<b>Finance &amp; Commerce</b>			
		New York Stock Market .....	214		
		Rice Outlook for 1958 .....	214		
		Hongkong Exchange Markets ....	215		

## ELECTION PREPARATION IN CHINA

Election committees have been set up in most provinces and cities in China in preparation for the local elections and the election of the new National People's Congress. All elections at and below the county and city level will be completed by the end of May; the provincial and autonomous regional levels by mid-June and NPC elections a month later. The National People's Congress is constitutionally the supreme body in China. It is, of course, nothing of the sort. The supreme body is the small group of Communist leaders known as the Politburo, and at the head of the half-dozen members who manage the remainder of the Standing Committee of the Central Committee stands the Chairman, Mao Tse-tung, who is as much "the People" as any Emperor was the Empire. Yet China has devised a system, which, if worked properly at the base, would be the most sensible yet discovered for the governance of men. It is a system whereby the ordinary people themselves elect the members of the basic level councils, whereafter each council at each successive level elects the members of its superior level, so that the hsiang councils elect members of the county councils, the county councils elect the provincial councils and the provincial councils elect the national council or congress.

Hitherto it has not quite worked out that way. In the previous elections the delegates at the bottom were selected by the Party cadres after discussion with the local people. In some cases these consultations were a mere formality. The "single list" drawn up by the electoral working parties were put through without demur or even debate. In others there was quite a lot of discussion as between this and that nominee. And in the cities the elections were by no means a formality nor wholly monopolised by Party officials. But by and large the Party working teams dictated the single list and

voting consisted of a show of hands rather than the elaborate use of the ballot box and of signs and symbols as in India. But if the exercise of the vote were as free and untrammelled at the villages in China as it is in India, the Chinese system of pyramidal elections would be infinitely superior. In the West it is more likely that electoral constituencies will be radically changed to conform with the change in civilisation during the past century. A hundred years ago there were a few industrial cities and vast stretches of territory, consisting of innumerable farms, villages and townlets. Now civilisation is symbolised not by the cow and the farmyard, the parish living or the Vicarage, but by vast agglomerations of advanced knowledge represented by a variegated assortment of national bodies, from the Royal Society and the Society for the Advancement of Science, the Medical Association, to the Federation of Industries, the Chambers of Commerce, the national bodies of the professions and trades and skills. These are the constituencies of the future, and only on such a basis can we expect to find our Parliaments truly representative and truly expert bodies—as they should be. Meanwhile in China's position the progress from the base by a process of successive screening or election to the elite at the top represents a sensible compromise to which "Democratic Centralism" will be forced to conform, to replace the single list at the village end and the Party Dictatorship at the top.

The Communists defend their dictatorship more plausibly and fluently than any Emperor ever defended his divine right. They would be shocked to the core to be told that what is evolving is a slightly different form of "Asiatic despotism" with the last word in political parties simply borrowing the plumes of the feudal past. And indeed it would be hard to overthrow such denials if form is the



criterion, which is only partly the case. Some time ago one Li Yu-i contributed a 4,000 word dissertation on China's electoral system to the *People's Daily*, claiming the people "enthusiastically support" it. It is certainly an advance on anything ever known before in China's history, and it claimed with some reason to have mobilised nearly 86% of the voters when the time came not to choose between Tom, Dick, and Harry, but simply to accept Tom, Dick and Harry. But, as the enthusiastic writer confessed, "bourgeois rightists see things from an angle entirely different from that of The People" (which in this sense always means the Party). The Constitution itself, like that of the Stalinist Constitution, is all that it should be. Every citizen of 18 has the right to elect and to be elected irrespective of nationality or race, sex, occupation, social origin, religion, education, property status or residence—all, that is, except those who, having been robbed of their property, remain "class enemies" and outlaws, in what the Communists call "a concrete manifestation of the people's democratic dictatorship through the electoral system."

Of course it is not a "complete" or "pure" democracy, says Mr. Li, but "a combination of the democratic side facing the people, and the dictatorial side facing the reactionaries." Only by practising dictatorship over the reactionaries and depriving them of their electoral rights could the Communists safeguard "the right of the broad masses and realise democracy among the ranks of the people." China does not deprive the bourgeoisie of their right to vote because, forsooth, a man named Lenin told them in one of his books that it was not necessary, and Mr. Li quotes the passage, as Chairman Mao did before him, though it is a bit hard to make Chinese see why Lenin's word must be Mao's law! But for the moment few are disposed to argue the point on this: what they are intent on is to ensure a real election at the base, something a little better than a single list of Party cadres drawn up by themselves in the name of The People. Even about this there will undoubtedly be a great deal more patience among the people than, in the end, we may find among the Party itself!

There is, however, some dispute still over the disparity between the country and the urban vote, whereby it would seem that the cities may return one candidate for every 100,000, whereas the country louts must be satisfied with one for every 800,000. Li Yu-i thoroughly agrees with this remarkable provision that suggests one city slicker is worth eight peasant clots. Here again, it seems, Lenin's word was law, for he is quoted as rebuking the Mensheviks and the Social-Democrats who believed that one man one vote was the only real democratic principle. One may suspect that Lenin, who would hardly have polled five per cent if there had been a free vote, was considering his party and his political future above such principles. In any case he said it was absurd to hold that a peasant's vote was worth the same as that of a worker. After all they had to beat

the capitalists! "I know where your conception of fairness comes from: it comes from the capitalist era of yesterday," he told them. How True!

True, the Electoral Law does justice to the minority nationalities. Though they muster only 6% of the total population of China they have 150 representatives in the NPC, and if others are elected in other constituencies as well, well and good; there were actually 177 deputies from the national minorities, or more than 14% of the total number of deputies. And Mr. Li agrees that this is reasonable. An appropriate number of women deputies were also elected: of the 1,226 deputies attending the NPC, 147 (17.31%) were women. Lenin would have no equality that imperilled his dictatorship—he said so without any reservations. Contrast all this with the fact that in the U.K. in 1931 there were no fewer than 137,731 voters who were able to exercise a "supplementary vote." Well, well!

The Electoral Law in China provides that direct elections are to be held only at the basic level of State power in the *hsiang* (groups of hamlets or villages), small towns, municipal districts and in municipalities not divided into *chu*, and that indirect elections are to be held from the county level and upward. The secret ballot also applies only to the indirect elections. At the basic levels a show of hands is authorised. "In other words, our electoral system is not yet completely direct and the method of balloting is not yet fully secret." It is explained that this is in conformity with subjective conditions, such as the prevailing situation in Chinese society, the people's inexperience in elections, and their low cultural level. But the rather remarkable statement is made that this does not mean that China will not gradually introduce direct suffrage at the County level and above, or that she will not adopt the method of secret balloting at the basic level when conditions become mature. Indeed it was stated that many groups of villages and towns which, "based upon concrete conditions," had adopted the method of secret balloting. Just one example of the single village of Luhua *hsiang* in Chiayu county, Hupeh, is cited as a typical example.

It is stated that the nomination of candidates is "genuinely democratic and the election of deputies genuinely free." But that is merely the theory. The Electoral Law provides that the Communist Party of China, the various democratic parties, the various people's organisations and electors or representatives who are not affiliated with the above-mentioned parties or organisations may nominate, jointly or singly, lists of candidates for electoral districts or electoral units. What has happened is that the Communist Party has put up the single list, sometimes in co-operation with others, more often on its own. The critics who were allowed to open their mouths last May held that such an electoral system was undemocratic, that the number of candidates on the single list corresponded with the number of deputies to be elected, and that therefore the electors were offered no choice. Thus, they said, the elections



SURVEY OF HONGKONG'S TRADE IN 1957

By Ricardo

Hongkong's total exports last year showed a drop of 6 per cent from the record of 1956. Exports to Britain and the United States registered impressive gains and shipments to Malaya were maintained at the 1956 level but exports to Indonesia and Thailand, Hongkong's two important markets in SE Asia, declined considerably during the year. The ease of embargo on China trade did not stimulate exports from here to the Mainland; on the contrary, China's purchases from here last year were much less than during 1956.

Imports last year were higher than in 1956 chiefly due to the ever increasing supply of foodstuffs and light industrial products from China. Inward shipments from the Western Hemisphere were particularly heavy during the first six months on account of the arrival of metals and other merchandise from Europe and Britain which should have reached here in the previous year but were delayed by the Suez blockade; the rush of consignments by US, UK, European and other western manufacturers to Hongkong before the May 1st freight hike; and the unexpected arrival, during May and June after re-opening of the Suez Canal, of shipments originally scheduled for the second half-year.

Under the pressure of curtailed exports, commodity prices remained low in the local market particularly during the last quarter when prices on the world market turned bearish. There was however no serious liquidation of merchandise because traders here curtailed imports from various sources during the second half-year. The market was sustained also by the strong local demand for structural steels and foodstuffs which constituted a large portion of total imports last year. Furthermore, the active invisible exports, notably purchases of watches, cameras, etc. from here by tourists and smuggling of many goods to countries in SE Asia, helped greatly to maintain a steady market.

HK/CHINA TRADE

Local traders experienced mounting difficulty during the year in procuring Chinese beans, oilseeds and other staples which are popular with Japanese and Western buyers. The

were a mere example of formalism and of appointment in disguise.

Mark Twain was cited to prove that elections in the United States can also be held up to criticism, and it is contended, quite wrongly, that in the capitalist countries "only the bourgeoisie enjoy the freedom of competition in election and not the labouring masses." Actually there are more men who worked with their hands in the British House of Commons than in the whole Party hierarchy in China, none of whom ever worked with his hands, though Vice-Premier Chen Yun was supposed to be a printer. If the people were allowed a free and untrammelled choice in the villages the system would be as good as any and better than most, for there is a great deal to be said for the pyramidal system whereby each level elects the deputies for the next highest level.

curtailment of supply for the local market was not surprising because China preferred to export direct to Japan, UK and Europe. Imports of cement, cotton cloth, window glass, paper and other light industrial products were heavy during the first six months but consignments were curtailed in in the second half-year chiefly on account of shortage on the Mainland and partly due to the increased volume of direct shipments of these commodities by Peking to countries in SE Asia, the Middle East and to Africa. Through barter dealings Peking procured substantial quantities of cement from Japan and paper from Europe to cover domestic shortage as well as to earn more foreign exchange by reexporting them to HK and SE Asia.

Imports of foodstuffs from China however remained heavy throughout the year. In spite of the shortage of meat, poultry, live hogs, rice, eggs, fruits, groundnut oil, lard and sundry provisions on the Mainland, large quantities reached here regularly. Increased local consumption accounted for the heavier volume of such imports compared with the previous year. Most of these items are perishables and are too bulky or costly for shipments to markets too far South; supply to Hongkong was therefore not affected by China's political trade in SE Asia. Peking is also earning millions of dollars from these exports. This is the main reason why Peking cuts the ration of meat, rice, oils, etc. on the Mainland while it supplies Hongkong with unlimited quantities of various kinds of foodstuffs. Among major foodstuffs, rice imports totalled 63,939 tons (vs. 52,121 tons in 1956) and frozen meat 2,352 tons (vs. 1,853 tons).

Consequently, imports in 1957 increased to \$1,131.1 million, almost \$100 million more than in the previous year. As the volume of purchases from here further declined, Peking last year netted a surplus of a little over \$1,000 million from its trade with Hongkong:

	From China	To China
	(million HK dollars)	
1957	1,131.1	123.4
1956	1,038.3	135.9

The surplus was also accentuated by higher prices of foodstuffs, light industrial products and staples charged by Peking. On the other hand, by refraining from buying anything from here when prices were high and by having always ready cash for dealers who needed the money badly, Peking was able to strike many cheap bargains. Peking's spasmodic and unpredictable purchases from here included 3,000 tons of sugar, 104 trucks, several lots of Pakistan cotton yarn and moderate quantities of fertilizer, pharmaceuticals, chemicals, dyestuffs and X-ray equipment. Contracts for British and European products were usually concluded with manufacturers' local agents and shipments in most cases were made direct to China without contributing to Hongkong's visible exports to China.

Most traders here realised that although China's trade with the West might gradually increase, Hongkong would be bypassed by Peking in its direct trade with manufacturing countries. The number of foreign vessels calling at Whampoa and Tsamkong harbours in South China, Dairen and Tientsin in the North and Shanghai in the East has been on the increase. Towards end of the year, those who had harangued that the lifting of embargo could stimulate



Hongkong/China trade were no longer eloquent because it was clear that China's growing direct trade with Japan, Britain, West Germany and other Western countries had not only enabled Peking to obtain supplies direct from these sources but also adversely affected purchases of staples by these countries from here.

#### HK/JAPAN TRADE

In spite of the fact that 3,400 Japanese businessmen came here last year (vs. 2,696 in 1956) to promote Japan/Hongkong Trade and that more Japanese firms established branches in this Colony during the year, both exports to and imports from Japan dropped:

	From Japan	To Japan
	(million HK dollars)	
1957 .....	763.4	228.3
1956 .....	810.6	317.9

The decline in exports resulted chiefly from reduced shipments of oilseeds, beans and other vegetable and animal staples from here after China and SE Asia had increased direct consignments to Japan. Exports of scraps were very heavy during the first quarter but slowed down in the second half-year after Japan had ordered large supplies from US and India; the contract with India covers shipments extending to June 1958. Consignments of iron ore from here to Japan however remained steady.

Imports were lower mainly because China and SE Asia turned to Japan for direct supplies and bought Japanese products from here only when prices were more attractive. Indents from Japan for metals, paper, cotton textiles and sundry goods were cheaper during the second half-year but buying offers from SE Asia were further depressed.

However, after allowing for drops of indent prices during the second half-year, particularly in the case of cotton textiles, the decline in physical volume of imports last year was not as sharp as the dip in value when compared with 1956. There were drops in reexports of Japanese cotton textiles, woollen piecegoods, rayon products and sundries, but Japanese cement, paper, electric appliances, etc. retained very strong local demand. In the case of cement, reexports to SE Asia remained on a high level although Chinese brands were cheaper.

#### HK/UK TRADE

	From UK	To UK
	(million HK dollars)	
1957 .....	667.3	336.8
1956 .....	513.3	298.4

Britain last year rose to the second position on the list of Hongkong's principal customers; purchases from here amounted to \$336.8 million, \$38.4 m. more than in 1956. About 52 per cent of the tonnage consisted of Hongkong manufactures especially cotton textiles. Increased consignments of cotton cloth to UK provided an excuse for British textilemen to demand restrictions on such shipments from here. In London however the Secretary of State for the Colonies, Mr. Alan Lennox-Boyd, said that it would be contrary to practice to impose restrictions on Hongkong exports to UK and pointed out that Hongkong output is only a minute fraction of British production. Hongkong has only about 300,000 spindles while UK owns 26 million spindles.

During the last quarter, British importers began to buy large quantities of grey cloth from China. The price for Chinese grey in UK after paying a 17½ per cent duty

was still cheaper than Hongkong cloth. This new development however was not mentioned in Lancashire's attack on Hongkong cloth. There were also adverse criticism and controversial allegations against Hongkong manufactured shirts, toys, slippers and sandals from other British manufacturers and in each and every case, Hongkong products were blamed for the shut-down of factories in UK. Could this be possible when Hongkong exports to UK amounting to \$336.8 million (including \$174.5 m. worth of Hongkong products) constituted only 0.53 per cent of Britain's total 1957 imports valued at \$4,076 million?

Furthermore, against every dollar of exports to UK, Hongkong bought \$1.98 worth of imports from Britain. During the first six months, imports of base metals from UK were particularly heavy and in the second half-year, imports of woollen piecegoods, machinery and transportation equipment were extremely active. Consequently, while exports to UK improved by \$38.4 million, imports from UK advanced by \$154 million over 1956.

#### HK/EUROPE TRADE

	Import		Export	
	1957	1956	1957	1956
	(million HK dollars)			
Switzerland	193.1	131.7	3.8	3.6
W. Germany	159.3	118.9	42.0	36.6
Belgium	117.6	109.3	16.0	11.6
Netherlands	86.2	77.9	18.1	23.8
Italy	63.5	40.5	9.1	9.1
France	36.9	27.9	12.8	21.2
Sweden	25.6	18.8	10.4	6.1
Austria	14.4	16.3	0.1	0.05
Norway	13.4	4.7	9.5	6.0
Denmark	8.8	5.9	4.8	5.1
Europe, West, not specified	12.4	10.8	2.7	2.9
Europe, E., n.s.	14.6	12.9	—	—
<b>Total</b>	<b>745.8</b>	<b>575.6</b>	<b>128.8</b>	<b>126.05</b>

Exports of Hongkong products to Europe improved by \$5.8 million when compared with 1956 record. Shipments of produce to Europe however declined; consequently, total exports in 1957 were only \$2.7 million higher than in 1956. Demand from Europe, particularly from West Germany, France, Belgium, Netherlands and Sweden for raw silk, rosin, vegetable oils, egg products, hog casing, hog bristles, feathers, beans and oilseeds was keen but dealers here could not get enough supplies from China. Produce of Formosan and SE Asian origins were substituted in many cases but items such as raw silk, rosin and hog bristles could not be obtained satisfactorily from these sources. If this trend continues, 1958 exports to Europe might further decline because exports of Hongkong products constituted only about 15 per cent of shipments from here to Europe.

Imports on the other hand jumped from \$575.6 million in 1956 to \$745.8 m. last year, an increase of \$170.2 m. One-third of this gain could be accounted for by the improvement in imports from Switzerland. Of the \$193.1 m. worth of imports from that country, over 50 per cent consisted of watches. According to a Swiss watch manufacturer who came here to launch a new self-winding watch, Hongkong was the second largest buyer of Swiss watches last year, second only to the US. This is a significant fact!

West Germany was the second principal European supplier sending here \$159.3 million worth of merchandise com-



pared with \$118.9 m. in 1956. Imports of dyestuffs, metals and machinery showed no great improvements but local demand for German automobiles, photo supplies, electric appliances, fishing lines, mechanical toys, woollen wear and other consumer goods was better than in the previous year.

Imports of steel window sash bars and fertilizers from Belgium further improved, consequently total imports amounting to \$117.6 m. were \$8.3 m. better than during the previous year. Netherlands shipped here \$86.2 m. worth of dairy products and other merchandise, \$8.3 m. more than in 1956. From Italy arrived more woollen textiles, synthetic fibres, cellophane paper, automobiles and pharmaceuticals; total imports at \$63.5 m. were \$23 m. higher than the year before. Imports from France amounted to \$36.9 m., \$9 m. more; principal items included automobiles, textiles, perfumes, cosmetics and wines.

Imports of paper from Sweden and Norway were better than in 1956 but supply of this item from Austria declined. Denmark shipped here 50 per cent more goods than in 1956; beverages and pharmaceuticals constituted the major portion of the tonnage.

HK/US TRADE

	From US	To US
	(million HK dollars)	
1957 .....	539.0	198.2
1956 .....	423.8	116.6

Imports which amounted to \$300.2 during the first six months dropped to \$238.8 million during the second half-year on account of curtailed purchase of raw cotton from US. Total imports nevertheless were still \$115.2 m. higher than 1956. In spite of the fact that most American durable and staple consumer goods are more expensive than similar UK and European products, they continue to enjoy ever stronger local demand. Tourists and smugglers also provide steady demand for luxury items made in USA. In the case of industrial raw materials, local factories are consuming increasing volume of plastics compounds, black plate, raw cotton and other supplies from US. The demand for plastics compound is so strong that an American manufacturer has established a branch office here to facilitate the supply of various plastics and chemicals to local factories. The local building boom is stimulating the demand for American elevators, electric fittings and other construction equipment and supplies.

Exports also improved, \$81.6 million higher. According to government statistics, Hongkong products constituted only 19.97 per cent of the total exports which amounted to \$198.2 million. The actual percentage however was much higher because shipments of wooden and rattan furniture and several other categories which made up part of the figure of \$198.2 m. were not included in the value (\$39.6 m.) of Hongkong products exported to US. Total exports to US were also higher than \$198.2 m. because the figure excluded exports of tailor-made ladies' and men's clothing by parcel post, and they amounted to large sums of money.

Principal items which registered improvements in visible exports included cotton textiles, plastics toys, shirts and other garments made of cotton and silk materials, drawn lace work, frozen prawns and shrimps, carpets, torch and aluminumware. To retain the demand from US for Hongkong manufactures, local industrialists should pay special attention to the quality factor. Several consignments of shirts, rattan ware and toys had been rejected by American importers because quality was not up to sample standard. As to the reexport of un-processed Japanese

textiles and other items from here to US, the volume would probably decline this year.

HK/MALAYA TRADE

	From Malaya	To Malaya
	(million HK dollars)	
1957 .....	101.7	372.7
1956 .....	152.3	372.8

The drop in imports from Malaya (including Singapore) was caused chiefly by reduced supply of rubber, tin, mineral fuels and lubricants. Exports remained on the level of the previous year making Malaya the most important customer of Hongkong. Shipments of Hongkong products to Singapore, Kuala Lumpur and other Malayan cities were \$10 million less than during 1956. However Malaya continued to take Chinese products from here especially during the second half-year probably due to the fact that Peking did not purchase much rubber from Malaya even after Kuala Lumpur had lifted all restrictions on rubber exports to China in July. During the year, Malaya also ordered from here substantial quantities of Taiwan sugar, SE Asian beans and other staples, as well as American and European provisions and other consumer goods.

Following developments might affect future exports to Malayan markets: (1) Indonesia's purchases from Malaya are becoming ever more uncertain and spasmodic; (2) merchants in Malaya seem to be more interested in promoting trade with Peking and Taipei than with Hongkong; (3) Kuala Lumpur is importing large volume of essential supplies direct from US, UK, Europe, Japan and other sources; (4) Singapore businessmen are competing with Hongkong traders in entrepot trade with Malaya and other SE Asian countries. Furthermore, if Malaya should increase the preferential duties on Hongkong products and introduce protective restrictions on imports of items which could be produced by its domestic industries, exports of Hongkong manufactures to that market would further drop.

HK/INDONESIA TRADE

	From Indonesia	To Indonesia
	(million HK dollars)	
1957 .....	126.2	312.5
1956 .....	58.9	501.4

An increase of 100 per cent was registered in imports from Indonesia. Principal imports contributing to the improvement included sugar, rattan, mineral fuels, lubricants and coal. Exporters in Djakarta shipped more staples to Hongkong because the high premium they collected on certificates of foreign exchange earned from exports enabled them to supply these staples at very competitive prices. Indonesian territories outside Java also sent more staples direct to the local market at equally attractive prices; authorities in these territories did not surrender to Djakarta foreign exchange earned from exports but used it for their own imports.

Exports to Djakarta and other Indonesian ports totalled \$312.5 million representing a sharp drop of \$188.9 m. from the previous year's record; exports of cotton yarn and piece-goods of both local and Japanese origins were \$92 million less than in 1956 accounting for 50 per cent of the decline. Other major exports responsible for the decline were knitwear and metalware. The dip of 38 per cent in exports was chiefly caused by Djakarta's direct purchases of cotton textiles and other supplies from Japan as well as cement and other products from China. But after Tokyo had restricted shipments to Indonesia during the second half-year (because Djakarta had accumulated a large trade debt to



Japan) exports from here to Indonesian ports remained low probably due to following factors: (1) Djakarta's lack of adequate funds for various purchases; (2) the periodical drop of rupiah value thus making imports from here more expensive; (3) Djakarta's import restrictions on luxuries and on items which can be produced by its domestic industries; (4), the ever-changing trade regulations in Djakarta.

The disruption of Indonesia's traditional intercourse with Europe towards end of the year brought hope to some traders here who anticipated that Djakarta would turn to Hongkong for more supplies. Most businessmen however believed that Djakarta would increase purchases from Japan direct under the 12-year US\$225 million reparations agreement rather than buying more Japanese goods via HK. Furthermore, Japan had agreed to wipe out the Indonesian trade debt to Japan amounting to US\$174.5 million. US\$400,000 worth of private Japanese investments and loans will also be extended to Indonesia during the next 20 years.

#### HK/THAILAND TRADE

	From Thailand	To Thailand
	(million HK dollars)	
1957 .....	191.8	188.2
1956 .....	185.4	319.6

Trade with Thailand which earned for Hongkong a surplus of \$134.2 million in 1956 was reversed last year and netted a deficit of \$5.6 million. Imports increased only slightly while exports dived 41 per cent. Consignments of rice from Thailand totalled 189,916 tons (174,563 tons in 1956) constituting 63.5 per cent of Hongkong's total rice imports. Imports of beans, groundnut oil, maize, sesame, live cattle, teak squares and logs were slow during the first six months but improved in the second half-year.

The decline in exports resulted chiefly from Bangkok's direct purchases of textiles and other products from Japan. Exports of Hongkong products to Thailand also dropped from \$48.1 million in 1956 to \$34.7 million last year mainly due to import restrictions maintained by Bangkok on items (particularly knitwear, cloth and metalware) which could be produced by its domestic industries. Tight money in Bangkok and extremely low commodity prices there also discouraged Thai importers from booking supplies from here. The volume of direct trade between China and Thailand also increased but most shipments were made via this Colony; consequently about 50 per cent of the tonnage shipped from here to Bangkok consisted of Chinese cement, paper, bicycles, wire nails, window glass, joss sticks and sundry provisions.

Towards the end of last year there were more orders from Bangkok for metals, pharmaceuticals and other merchandise of European, British and American origins although quantities involved were small. On the other hand, direct trade between Thailand and Japan showed no sign of weakening. Exports of Hongkong products, occupying only 18 per cent of total exports, might further decline because textile manufacturers in Thailand were urging Bangkok Authorities to restrict imports of cotton yarn and towel cloth from here because production by Thai factories was said to be adequate for domestic consumption.

#### HK/PHILIPPINES TRADE

	From Philippines	To Philippines
	(million HK dollars)	
1957 .....	18.2	72.8
1956 .....	34.7	47.0

Imports from the Philippines which improved to \$15.5 million during the first six months (vs. \$13.7 m. for Jan./June 1956) dropped sharply to \$2.7 m. in the second half-year; total imports in 1957 therefore were \$16.5 m. less than in 1956. The decline was chiefly accounted for by the curtailed supply of sugar, copra, coconut oil, groundnut kernel and textile fibres & waste during July/December period.

Exports were 50 per cent higher than in 1956; half of the tonnage consisted of Hongkong products. Principal exports included machinery and equipment, structural steels, paper, wheat flour, cotton yarn, paint and varnish, canned food, plastics products, hurricane lantern and other metalware. Demand from the Philippines was keen throughout the year but authorities there increased import duties on many items, raised margins for L/Cs, and maintained strict restrictions on various imports due to the shortage of dollar reserve.

Illegal shipments of luxuries and other prohibited items to the Philippines via North Borneo and other routes were heavy particularly during the first four months. Authorities there also discovered that hundreds of parcels from Hongkong contained watches and other undeclared items. During the last quarter, Manila introduced various measures to check the mounting traffic of contraband merchandise from Hongkong brought back by Filipino tourists as personal effects duty free. Towards year-end however the smuggling of contraband from Hongkong to Manila by organised groups as well as by amateur individuals continued and the dwindling of dollar reserve plagued the Philippine Government.

#### HK/CAMBODIA, LAOS & VIETNAM TRADE

	From C.L.V.	To C.L.V.
	(million HK dollars)	
1957 .....	81.1	178.6
1956 .....	69.5	138.7

Imports were \$11.6 million better than in 1956; shipments of rice, sundry provisions, maize, beans, live hogs and hide from Cambodia constituted over 50 per cent of total imports from these territories. North Vietnam shipped here \$22.9 m. worth of coal, woodoil, rice, medicinal herbs, feathers, cassia, aniseed star, etc. Imports from South Vietnam and Laos were insignificant.

Exports totalling \$178.6 million were \$39.9 m. better; most consignments went to Laos (\$68.7 m.) and Cambodia (\$46.3 m.) and consisted chiefly of essential supplies such as construction materials, paper, chemicals, wheat flour, base metals; export of Hongkong manufactures remained on a moderate scale.

Exports to Laos and Cambodia could have been better if Vientiane and Phnompenh had not been supplied by Peking with light industrial products and other supplies under the Chinese Aid Programme. Exports to South Vietnam amounted to \$33.1 million; principal items included sugar, cotton textiles, fruits, wines, provisions and other consumer goods. Saigon traders' purchases from here were restricted by the lack of adequate foreign exchange there for non-government imports. Authorities there also encouraged direct imports from Japan, US, France and other manufacturing countries whenever possible.

North Vietnam's purchases from here amounted to \$30.5 million; interest was centred on gunny bags, wire nails, metals, cigarettes, chemicals, sugar and pharmaceuticals. Most purchases were made against shipments of staples to Hongkong; the volume was therefore limited.



## HK/KOREA TRADE

	From Korea	To Korea
	(million HK dollars)	
1957 .....	21.6	71.4
1956 .....	12.2	125.2

Consignments of cotton textiles, particularly yarn, were chiefly responsible for the increase of \$9.4 million in imports. Hongkong was the most important customer for Korean cotton yarn and cloth last year. Local weavers and knitters, particularly those exporting their products to US, were keen on Korean yarn because prices were attractive. Imports of gallnuts, agar agar, sea food and other staples however were handicapped by high cost.

Exports were \$53.8 million lower than in 1956 representing a drop of 43 per cent. Shipments of Hongkong products dipped from \$4.8 million in 1956 to only a quarter of a million last year. Orders from Seoul covered chiefly paper and small quantities of rayon yarn, metals, fertilizer, pharmaceuticals, chemicals, sugar, machinery and equipment. In the case of paper, purchases from here were restricted by inadequate stock of European and American goods in the local market. Dealers here were reluctant to book heavy supplies because during the year, Seoul obtained the bulk of supply direct from US and Europe. Buying offers for other merchandise were usually very low, some even lower than replenishment costs. Seoul's policy was to obtain from here only when prices were cheaper than direct purchases from Europe and other manufacturing sources.

Prospects of trade with Korea appeared dull because Seoul would probably include more items on the list of prohibited imports this year to protect its domestic industries. The cut in US Aid Funds would also force Seoul to curtail non-essential imports.

## HK/TAIWAN TRADE

	From Taiwan	To Taiwan
	(million HK dollars)	
1957 .....	71.7	60.6
1956 .....	50.5	47.5

Both imports from and exports to Taiwan were better than in the previous year. Taipei maintained a strict control over purchases from here regulating them according to the volume of HK's imports from Taiwan. Consequently, Taipei managed to net a surplus of \$11.1 million in its trade with Hongkong (\$3 m. in 1956).

Sugar accounted chiefly for the improvement in imports, particularly during the first half year. Other popular imports included live hogs, feathers, garlic, ginger, starch, tea, fruits, straw board and canned food. On the other hand, Taiwan citronella oil and camphor products met keen competition from Mainland products.

During the year, Taiwan produce exporters found it ever more difficult to compete not only with the Mainland but also with SE Asia on account of the multiple exchange rates enforced by the Government which absorbed whatever profit exporters there were able to earn. Towards the end of last year, authorities there allowed textile exporters to use the entire foreign exchange (instead of 80 per cent) earned from exports for the purchase of raw cotton. There was however no indication that the multiple exchange rates might be amended to stimulate exports there in general.

Although exports to Taiwan increased by \$13.1 million, shipments of Hongkong manufactures dipped from \$1.5 m. in 1956 to only about \$1 million last year. Orders from Taipei were chiefly for small quantities of essential supplies

such as metals, chemicals, paper, pharmaceuticals, machinery and equipment; many transactions were also handicapped by low buying offers. Towards year-end, officials in Taiwan indicated that they would tighten control on imports because US economic aid had been cut by US\$20 million; purchases of consumer goods (foods, beverages, powdered milk, office supplies, etc.) will be curtailed but allocations for industrial raw materials will be increased.

## HK/BURMA TRADE

	From Burma	To Burma
	(million HK dollars)	
1957 .....	16.9	49.6
1956 .....	35.5	31.6

Rangoon procured more Chinese products from here last year after unsatisfactory direct trade with Peking during 1956. Demand for HK manufactures such as metalware, textiles and knitwear also improved because local products are better than Chinese goods. On the other hand, intense competition from Pakistan in supplying cotton yarn and from Taiwan in selling sugar to Burma handicapped further improvement in exports from here to Burma. Demand for Japanese products were also weak on account of Japan's increased volume of direct shipments to Burma. Under the US\$250 million reparations agreement, Rangoon will get annual payments of \$26 million, partly in kind, from Japan during the next 10 years.

Imports from Burma were \$18.6 m. lower than in 1956. One of the principal imports, rice, totalled only 2,280 tons last year compared with 35,164 tons in 1956; Rangoon shipped large quantities of rice to Pakistan against purchases of cotton yarn from Karachi. Imports of teak, beans, maize and other staples were also curtailed possibly on account of Burma's direct shipments of these items to Japan in exchange for Japanese cotton textiles and other products. There was no indication that this trend might be diverted in favour of Hongkong.

## HK/AFRICA TRADE

	Import		Export	
	1957	1956	1957	1956
	(million HK dollars)			
South Africa	55.6	32.0	43.6	29.5
Br. E. Africa	67.4	55.6	31.1	33.5
Br. W. Africa				
& Nigeria	—	—	52.1	63.9
Africa, other territories	6.5	6.2	106.3	71.4

Union of South Africa bought from here \$43.6 million worth of merchandise compared with \$29.5 m. in 1956; over 50 per cent consisted of Hongkong manufactured goods (metalware, cotton textiles, rayon piecegoods, cosmetics, etc.). The improvement was brought about chiefly by the relaxation of import control there on consumer goods particularly items which S. African industries could not make or unable to produce in sufficient quantities to meet the domestic demand. Imports of fruits, jam, oatmeal, canned beef, cow hide, tanning extract and groundnut oil showed substantial gains reflecting increased local demand and re-export of these items. British East Africa sent here more cotton, groundnut, ivory, etc. last year but purchases from the local market dropped slightly chiefly due to curtailed demand for Hongkong manufactures especially in cases of enamelware and knitwear which met keen competition from Japanese and Chinese products. British West Africa and Nigeria also bought less Hongkong enamelware and knitwear last year; exports were \$11.8 m. lower than 1956.



Exports to other areas were better last year; shipments went chiefly to French Territories (\$41.9 m.) and to Belgium Congo (\$13.6 m.). Hongkong products constituted about 80 per cent of the tonnage to French Territories and about 60 per cent of exports to Belgium Congo. Exports to Madagascar however handicapped by restrictions there on imports financed from self-provided foreign exchange. Imports from these territories remained insignificant.

#### HK/INDIA TRADE

	From India	To India
	(million HK dollars)	
1957 .....	89.1	13.6
1956 .....	51.0	21.5

Increased supply of cotton textiles and coal accounted chiefly for the improvement of \$38.1 m. in imports. On the other hand, imports of gunny bags, shellac and ramie were slower because reexports were less active.

Exports registered a 37 per cent drop. New Delhi curtailed imports partly to protect its domestic industries but chiefly due to the lack of funds even to continue its second 5-year development plan. Purchases from here were therefore restricted to essential supplies including metals, paper, rosin, cassia, torch, enamelware; 50 per cent of the consignments consisted of Chinese products on account of cheaper prices.

#### HK/PAKISTAN TRADE

	From Pakistan	To Pakistan
	(million HK dollars)	
1957 .....	92.0	4.3
1956 .....	98.1	5.3

Imports of cotton yarn were curtailed during the second half-year because cost was higher than market prices here. Karachi wanted to ship more cotton, tea, cow hide, kapok, oilseeds and other staples to the local market but dealers here found indents too expensive. Exports were lower than in 1956. Karachi also limited purchases from here to essentials and bought direct from producing countries whenever possible.

#### HK/CEYLON TRADE

	From Ceylon	To Ceylon
	(million HK dollars)	
1957 .....	5.4	16.5
1956 .....	4.1	14.8

Exports to Ceylon were slightly better but total volume remained at a low level chiefly on account of the fact that under the rubber/rice deal with Peking, Colombo was obliged to procure cement, garlic, cotton textiles, canned food and other manufactures and staples from China to offset a debt of 125 million rupees due Ceylon accumulated during the past 5 years.

The new rice/rubber agreement signed last year specified that Ceylon would have to buy more light industrial products from China during the next 5 years. In July last year, Colombo introduced a new tax on bank charges, tripled import duty on luxury goods and imposed heavier duties on beer and cigarettes in a bid to reduce a budget deficit of 200 million rupees. Prospects of improving exports to Ceylon remained dull.

Imports of tea, coconut oil, etc. were \$1.3 m. better than 1956 but total volume remained insignificant.

#### HK/AUSTRALIA TRADE

	From Australia	To Australia
	(million HK dollars)	
1957 .....	112.9	65.5
1956 .....	100.3	55.0

Australia was Hongkong's most important frozen meat supplier; imports totalled 4,643 tons against 3,018 tons in 1956. Imports of wheat flour, wheat, wooltops, dairy products, fruits, canned food also heavy; consequently total value was 12 per cent higher than in the previous year.

Exports were \$10 million better; the improvement was chiefly accounted for by the increased demand for HK products and staple goods after import restrictions there were relaxed. Principal exports included metalware, rattan furniture, shirts and garments, plastics toys, firecrackers, woodoil, camphor products, walnut meat, feather, tea and sawn timber.

Indications at year-end were that competition from Japanese products particularly cotton textiles, rayon piece-goods, rattanware and toys might increase. China might also send more woodoil and other produce direct to Australia against purchases of Australian wooltops.

#### HK/CANADA TRADE

	From Canada	To Canada
	(million HK dollars)	
1957 .....	51.4	41.1
1956 .....	46.3	29.3

Canadian paper products, aluminum ingot, plastics moulding compound, automobiles, office appliances and pharmaceuticals enjoyed better demand here last year. In return, Canadian importers bought from here more staple goods and Hongkong industrial products. The improvement in value of shipments of HK manufactures to Canada was \$4.3 million; the increase in the physical volume was bigger on account of the lower prices for rubber shoes and other Hongkong goods last year. There is room for further improvement in exports of Hongkong products to Canada; at present such shipments constituted only 25 per cent of total exports to that market. However, industrialists here have to produce more high-quality goods to attract orders from Canada.

#### TRADE WITH OTHER COUNTRIES

Imports from South America came chiefly from Brazil (\$20.3 m in 1957 vs. \$54.8 m in 1956) and Argentina (\$4.4 m vs. \$2.2 m). The drop in imports from Brazil was caused by the curtailed supply of cotton, canned food and frozen meat. Exports to South America totalled \$26.2 m vs. \$23.6 m in 1956; increased demand for Hongkong products accounted for the rise. Shipments to Venezuela (\$13.5 m) were slightly better than in the previous year.

Imports from Macao showed an increase of \$2.7 million but total volume at \$42.9 m was still very low; firecrackers constituted the major portion of the tonnage. Exports to Macao also slightly better possibly due to the active smuggling of luxuries and consumer goods from there to China especially during the first half-year. The removal of a 5 per cent import duty there on consumer goods (introduced in 1954) also stimulated purchases from here to some extent.

From New Zealand, Hongkong imported \$4.3 million worth of frozen meat and dairy products, \$2 m more than in 1956. Exports at \$17.7 m were \$2.5 million better; shipments of cement, firecrackers, metalware, cotton tex-



tiles, children's garments and ladies' shorts and blouses were particularly heavy during the second half-year after import restrictions there were relaxed.

British North Borneo shipped here \$47.8 million worth of rubber, firewood, timber, scrap iron, hide, rattan and other produce, \$7.8 more than the previous year. Purchases from here however amounted to only \$39.1 million, \$9.7 m less. The decline was probably caused by the strict preventive measures adopted by authorities in Manila during the second half-year against the smuggling of luxuries and other contrabands from North Borneo to the Philippines.

Imports of cotton and other supplies from Egypt improved to \$10.5 m (vs. \$6.1 m in 1956) and from other countries in the Middle and Near East amounted to \$55.3 m (vs. \$51.9 m). Exports to Egypt however deteriorated from \$2.1 million in 1956 to only about \$300,000 last year as a result of Egypt's trade with China and USSR. Egypt also bought from Japan items such as Ceylon tea, Australian wooltops and Canadian wheat. Exports to other countries in the M.E. and N.E. during the first five months were handicapped by the Suez blockade. Shipments to Port Sudan, Al Kuwait and Aden picked up after June but total exports amounting to \$31.7 m were \$1.8 m less than 1956. The drop could be accounted for by the decline in exports of Hongkong manufactures as a result of intensified competition from Japanese and Chinese products in these markets.

## THE OUTLOOK

In view of the general decline in world trade, Hongkong's visible exports in 1958 might be even lower than last year's. Shipments to SE Asia may continue to be handicapped by the lack of import funds in these countries, the direct consignments from Japan and China to these markets, and the import restrictions in various countries maintained to protect their domestic industries. Demand from Europe, UK, Japan and other buyers for produce will further decline because these countries are already buying most supplies direct from China and SE Asia. Peking's purchases from here will remain stagnant and at any rate are unpredictable.

Imports in 1958 are generally expected to be lower than during last year but if the unrecorded exports to SE Asia, the extent of the tourist trade, the supply of industrial raw materials for our factories, and the consumption of food by an ever growing local population should not undergo any important change the final figure of imports in 1958 might remain more or less on the 1957 level.

It seems that Hongkong will have to prepare for a year of restraint. 1958 will be a tough year for speculative traders and manufacturers who ignore market research. But for prudent businessmen and industrialists there will still be sufficient opportunity to go ahead particularly in the further expansion of exports of our products.

## CHINA'S BATTLE AGAINST LOESS LANDS

The Chinese authorities have become noticeably sensitive to the pressure of population on land now that mechanisation is seen to be no absolute remedy for agricultural production and the birth-rate rises as the mortality rate falls. It may be one of the many factors that will drive them to a final and heroic solution of the tremendous loess problem in the middle reaches of the Yellow River. Much has been done in the plains and foothills menaced by the constant erosion of the great mass of loess hills. Peking claimed a week ago that water and soil conservation projects this year had basically put under control more than 10,000 square miles of land, making a total of some 50,000 square miles in the middle reaches of the Yellow River. Photographs have shown the gradual advance of cultivation by farmers up the foothills, and though the movement has a long way to go yet, if this form of advance is kept up over the years it may bring about a transformation many had thought wholly impossible.

The sight from the air of this vast barren area of dusty disintegrated heights is one of the most desolating the eye can see anywhere. The evils that have resulted cannot be assessed because of their magnitude during the centuries. No regime for centuries has enjoyed quite so much power or been more ruthless in using it, and it may keep the peasants on this tremendous job for a period long enough to accomplish it. Tens of thousands of peasants have been mobilised along the entire fringe of the loess country, carrying out afforestation, the sowing of grass, construction of check dams, ponds and ditches, terracing of land, crop rotation and other improvements in farming. The campaign is based on practical experience which tackled the problem hill by hill, each hill, from top to bottom being brought into the scheme so as to avoid the disasters that befell attempts to advance from the plains and foothills without adequate safeguards against deluges of water and mud rushing down the slopes to the foothills.

Dam-building in the areas subject to serious erosion and silting has so far been disastrous. During floods in Shansi the province lost 3,500 culverts and drains and 1,000 dams. Kansu lost 1,600 dams ruined by flood. Shansi built 84 small earth dams in the Chiu River basin. Of these 48 silted up, 21 were partly destroyed and seven were washed away, leaving only four in working order. Large dams fared no better. Of five large dams built in Shensi between 1953 and 1955, one silted up completely and the others are half-full of silt. The 20-metre high Great Dam at Chiu Yuan was built in 1953. In the 1954 flood silt piled up ten metres; in 1956 the flood filled the dam. "Some may argue that to build and protect the new Yellow River Great Dam at the San Men it is necessary to build high dams in the upper river. Alas! All the big dams built on the upper river have been destroyed by flood, or silted up or have become so shallow as to be of no use. If we have to build the San Men dam, let us first build a vast reservoir and wait for a year or two." (Peking People's Daily, Jan. 10, 1957).

Thus erosion in the five loess provinces has not only endangered the dams, but reduced the whole economy to a seriously low level. Shansi and Shensi lose in a year more in rich earth than all the fertiliser that the whole country can produce or import. In Kansu, parts of the Wuwei, Chiuchuan, and Yingchuan regions have been transformed into semi-desert. Here again it is the Yellow River which carries off the good earth. A report to the People's Congress in 1955 estimated that it would take 15 years to regulate this section of the Yellow River, but it will not be a simple operation. It will also be costly. Most of the dams built of earth failed to stand up to the elements and were destroyed.

In North Shensi, the old Yenan Communist base region where Mao Tse-tung and his followers established themselves after the Long March but deserted for the plains



when the time came, conditions are appalling. Poverty of an extreme order has also brought uncontrolled disease.

It was in Yen-an in March 1956 that the Youth Corps held a big meeting at the instigation of the Party and the Government. The so-called "Holy Land of the Revolution" was to form the plan and be the centre of a movement to "turn all China green in twelve years"—the reforestation of over 400,000 square miles of arid land and barren hills and mountains. The "majestic mathematical truism" was coined for the encouragement of the people that if 500 million peasants planted two trees every year there would be 1,000 million in a single year. Much was in fact done in the replanting of saplings but the water problem was ignored, and reforestation of hills in the loess country poses a major problem in irrigation.

A typical example of the new spirit of self-reliance rather than blind copying of Soviet techniques and imported machines is afforded by the publicity given in the national press in Peking to a simple inexpensive method of relaying water from low-lying rivers to the uplands, devised by peasants in the loess hills of Shansi. The People's Daily recommended it for wider application. The greater part of this area is a barren wilderness which has been denuded of all growth through the centuries, and from which the loose soil runs down to the rivers in great muddy torrents after heavy rains. But the hardy peasants have managed to cultivate considerable areas of the lower slopes of the loess mountains, and three-quarters of the provincial farmland of eleven million acres are on loess tablelands or terraced hill slopes where water is scarce and irrigation difficult. The remaining quarter is located down in the plains, where water is usually plentiful. The province is therefore concentrating its efforts this winter and next spring on solving the problem of conveying water to the uplands, without having recourse to unduly complicated techniques.

The method just tested successfully by the peasants involves building a canal from the nearest river and running the water, by a tunnel into the hill to the point directly below the terraced fields on the hill slope. A vertical well is then sunk into the hill and a waterwheel installed to lift the water up to the fields. This is repeated, where necessary, to carry the water up to still higher points on the hill, by again tunnelling a canal at the higher level and then

sinking another well and installing another waterwheel higher up. The water can be relayed by this kind of "staircase" to tablelands and slopes up to 30 metres above the level of the water source, and used for irrigation with the simplest of traditional methods. A typical "staircase" project, irrigating over 500 acres of hilly farmland was built in Yufeng Hsiang this winter by several agricultural co-operatives in seventeen days at a cost of 4,400 manpower units. Now the peasants there are planning to build another and larger one. This new method is supplementing the widespread efforts of the Shensi peasants to make the uplands fruitful. They are also building reservoirs and digging ponds, deep wells, and open canals to lead the water up to higher lands. This winter, so far they have brought irrigation to some 450,000 acres of formerly water-starved lands.

Cultivation is the one infallible remedy for the vast loess problem of China, with its disastrous effects on the plains below and its threat to the new system of dams now being built in the middle reaches of the Yellow River, which would have to face the peril of being silted up by the incredible volume of soil that pours down into the Yellow River from its tributaries in Shensi. The difficulty is to ensure the adequate protection of the advancing rim of cultivation against sudden torrential descents of mud and water from the heights above. In one or two instances already such disasters have befallen cultivated areas in the foothills in the Yellow River basin.

But Vice-Premier Teng Tzu-hui cited the example of two middle-aged North Shansi peasants in the checking of soil erosion over the past 20 years and whose plot of land at Tachuan Hill, in Yangkao County, has been visited by thousands of peasants, technicians and experts from 17 provinces to study their experiences at first hand. It is claimed that they have completely stopped soil erosion on their loess hill and have secured average crop yields on their land three times the amount of neighbouring fields. One of the two attended the second National Water and Soil Conservancy Conference which met in Peking the week before Christmas. Vice-Premier Teng Tzu-hui, who is the principal official in China's agricultural policy, said they had carved out a method which all peasants in the hilly areas could follow. He said their methods should be studied and



## PAROCHIALISM AND PROGRESS IN KWANGTUNG

Dawn light and grim shadows still symbolise the Kwangtung scene as particularism (which the Communists prefer to call parochialism), and the agelong enterprise of the Cantonese, struggle for a new future in the toils of a new model fashioned after the Soviet Union. The Cantonese have had a hard time now for some years and there is no indication that the years ahead will be any easier. But the promise of greater agricultural and new industrial development is held out to them, and some signs of new enterprise are beginning at last to appear. It was announced, for instance, on January 16 that China's biggest fruit and vegetable canning factory, now under construction in Canton, is among the eight factories which will go into operation this year. The big factory will turn out 20,000 tons of canned goods annually. A sugar refinery capable of handling 2,000 tons of sugarcane daily is also under construction with Overseas Chinese capital. The others include an iron and steel combined works, an insecticide plant, cotton bleaching and dyeing factory, glass factory, a plastic plant, and a factory to galvanize metal instruments and equipment.

Five major questions were dealt with in the summing-up report of Party First Secretary Tao Chu, former Governor of Kwangtung Province, at the second session of the first Party Provincial Congress, which ended in December. The Congress was primarily a meeting to combat rightist conservatism and "parochialism" as well as to ensure rapid progress in the work in hand. He implied

popularised throughout the country. After the liberation they were provided with seed and saplings by the Government and one of them (Kao Chin-tsai, the delegate to the conference) was sent to a forestry training class, where he studied scientific methods of stopping erosion. Their methods were applied according to the contours of the land. They planted trees, terraced the land, and built various kinds of ditches, pools, ponds, and ridges on different layers of the terraces. In this way they captured all the rain water on the hill slopes before it ran down and formed torrents, storing the water and using it for irrigation. They also applied their skill to three neighbouring hills. They averaged 4½ tons of potatoes per hectare on their hill slopes and one ton of millet an acre.

The four hills have been selected by the local Government as show places, to demonstrate that the most effective way of ending erosion is to build concentrated water and soil conservation projects hill by hill and gully by gully. The elder of the two went to live on Tachuan Hill 20 years ago, and the other joined him in 1944. The hill, like all the others in the area, was denuded when they first settled on it. Every year in the dry season came drought and shifting sands. During the rains, the water rushed down the hill slopes, formed torrents and widened the gullies, damaging their meagre crops. The first year the heavy and continuous rains washed everything away and left them destitute, and only the thought of having to lead a wandering beggar's life kept them from abandoning the hill, as so many had done before. But they noticed that the soil around a nearby poplar tree had remained firm while the soil elsewhere had been washed away, and so they began to plant trees and grow grasses and build contrivances to protect their land. Now Kao Chin-tsai is the chairman of his local APC and the co-operatives of North Shansi have built projects controlling erosion on 455 hills.

that the lack of ideological unity was enough to affect the practical work and therefore he welcomed the restoration of party principle. Parochialism within the Party, he said, had assumed intolerable proportions. While this problem could not be solved at one stroke the delegates had given firm support to the Provincial Committee in its struggle against parochialism, and resolved to denounce and combat it. Tao Chu seemed to blame everything on this parochialism, which could perhaps more properly be called provincialism or particularism, for if the Cantonese put themselves first in most things—in which respect they are not very different from others—they are at the same time well-known for their enterprise and vision and modern outlook, even though they do now and then burn down such things as British Consulates!

Tao Chu said that Kwangtung's 12-year plan for agricultural construction, embodying the tasks outlined in the national draft programme, would shortly be promulgated. Whether the provincial plan could be translated into reality depended on whether agriculture could pass the test during the period of the second five year plan. By passing the test, he explained, he meant the elimination of drought and ordinary flood, the achievement of triple cropping (including reform of the backward farming system) and the establishment of dependable and ample manure sources. If these things could be achieved output of food-grains would reach 700 catties (possibly even 800) per mow and output of sugar-cane would reach 7,200 per mow by 1962.

Moreover, ample raw materials would be provided for developing light industry in Kwangtung. Light industry in general and the food industry in particular, he said, would gain a considerable growth by the end of the second five year plan. Output of sugar, for instance, would rise to 1,200,000 tons (as against 800,000 tons in all China now and the 840,000 tons in Taiwan). Paper and pulp would reach 400,000 tons (as against 600,000 tons for all China now); salt 2,000,000 tons, a little under one-third of the national output. Aquatic products, resin, silk and linen goods, and leather would gain considerable development. Besides it was planned to produce 500,000 tons of chemical fertiliser, 500,000 tons of petroleum, two to three million tons of coal, half a million kwt of hydraulic and thermal power and a million tons of cement annually. It is also planned to attain self-sufficiency in iron and steel within two or three years. Development of industry would depend on the development of agriculture. Some comrades wondered whether this development of agriculture as the core would not hold up the progress of industry. His view was the contrary: the energetic development of agriculture is precisely intended to accelerate the development of industry. For agriculture to pass the test before 1962 will play a decisive part in developing industry in the province.

The output of food grains amounting to 24,500 m. catties averages only 540 catties per capita. The total population is expected to rise from 38 to 43 millions by 1962. If each mow yields 700 catties, the total output is expected to reach 33,600 m. catties by 1962, while seeds, fodder, and grains for industrial purposes are expected to reach 7,500 m. catties. The quantity of food grains available for distribution would average 600 catties per capita. Thus, if output per mow can reach 700 catties by 1962, the growing needs of the people will be properly satisfied. More products would also be provided for foreign trade to aid national construction.



Secondly, the targets set in the provincial 12-year plan were on the basis of practice during the past two years, after proper revision, and should be regarded as proper and dependable. The targets had to be set high, because otherwise they could not say they were undertaking the heroic building of socialism. He denied that the target of 900 to 1,000 catties of food grains per mow in the next ten years was too high. It would mean a .76% increase over present output or an average increase of 7.6% or a progressive increase of 5.8% per year. In the first five year plan the average increase was 6% and the progressive increase each year 5%. Moreover the co-operatives can now be managed more successfully. Even so it would not be a simple matter and maximum efforts must be exerted.

The First Secretary then referred to the plans to eliminate drought and ordinary flood, the irrigation of dry land by overall plans in which some 300 m. yuan would be invested on schemes in addition to the 400 m. yuan on the Sungtaom Liangteh and Sinfeng reservoirs. The introduction of triple cropping and enlargement of multiple-crop index constitute an important measure to achieve a high yield in Kwangtung. Some comrades were again sceptical of this measure but it only showed how ignorant they were of how to exploit good natural conditions. In the second

five year plan the province would convert the remaining 6 m. mow of single crop land and nearly 2 m. mow of one-and-half crop land into double-cropping and plant crops in nearly 20 m. mow not yet utilised for winter sowing, of which Kwangtung has a total suitable for this purpose of 37 m. mow. The focus is transformation of backward land and the all-round introduction of new farming techniques. The problem of fertiliser must be solved during the period of the second plan.

Thirdly, they must rely on and manage well the APCs. Labour power is adequate and with maximum ardour can achieve miracles. But they must see to it that all APC members reject the capitalist road and devote themselves to the co-operatives as to their own families. Manure source is abundant: the question is how to tap it; 18 m. head of pigs are to be raised in 1962 and this number, plus the hogs slaughtered, should reach 24 m. head. If this target is topped, half the manure to be applied to the grain-growing land will be provided. More beans, papaw, and duckweed should be planted to solve the problem of fodder; and green manure developed during winter sowing. The population of 38 m. would also provide a considerable supply. Moreover it had been decided to produce half a million tons of chemical fertiliser by 1962, but no hopes should be pinned on this during the next five years. He claimed that 40% of Kwangtung's APC members has reached the income level of higher middle peasants, but the capitalist thinking of these peasants must be combated. Efforts must be made to establish the social virtues of industry and thrift.

Before the spring ploughing season in February they should in battle array complete all preparations to ensure a better crop this year and party congresses would be held forthwith in all county areas to start the campaign, and through public debate the masses would be set in motion. Cadres must be transferred to the lower level right away: 180,000 from provincial organs, enterprises, factories and schools, of whom 30,000 will strengthen the leadership of the hsiang and co-operatives and 150,000 will take part in productive labour. All must aid and act. The army units had decided to devote one month to spring ploughing and production, with total man days of 3 m. throughout the province. The Party Committees must devote man power, financial and material means to agricultural production, and the party cadres must themselves become experts instead of grumbling and indulging in empty talk. Model teams should be formed in all areas. The mountainous area make up two-thirds of the area of the province, and contain rich resources: without exploiting them it would be impossible to build socialism in Kwangtung. Afforestation must be developed on a large scale in these areas and the preliminary plan drawn up by the Central Committee, which envisaged 16½ m. mow of State forests, included Kwangtung as one of the key areas. Part of the best cadres to be transferred to the field should be allocated to the hilly regions.

Tao Chu emphasised the necessity of rectifying the undesirable working style within the Party and of combating rightists, and called especially for the thorough elimination of parochialism which, he said, was incompatible with Communism. Parochialism manifested itself in varying degrees, but in substance it politically and organisationally resisted the leadership of the Party Centre, thus threatening to destroy the unity of the Party and produce sectarianism. Parochialism in the province, whether in Hainan or on the mainland, is fundamentally opposed to the "rely on the Army and southbound cadres and allow them to take the lead" principle—in a word, it is opposed to the persons appointed by the Centre—that is, it is exclusionism.



## THE CHEMICAL FIBER INDUSTRY OF JAPAN

Ever since man learned how to extract silk threads from cocoons, people all over the world have valued fabrics woven with silk, considering them the most beautiful of all materials. With the progress of science and industrial know-how, however, some European scholars toward the end of the last century worked out chemical processes for producing artificial fabrics just as beautiful as silk. In 1955, world production of textiles amounted to 26,968 million lbs., of which 5,579 million lbs., or 21 percent, were chemical fiber fabrics. A quarter of a century previous, or in 1930, the world output of textiles reached 14,897 million lbs.—consisting of cotton, 81 percent; wool, 15 percent; silk, 1 percent; chemical fibers, 3 percent. Cotton continues to hold sway over the rest of the textiles in the world quantitatively, but its percentage against total production in 1955 declined to 69 percent while chemical fiber fabrics went up 21 percent. Woolen goods also fell from 15 percent to 10 percent during the 25-year period from 1930 to 1955.

Since the introduction of the Chardonnet artificial silk in Paris in 1889, and its industrialization in 1891 in France, various other processes for chemical fiber fabrics were developed in the early part of the present century, including the Viscose, Cuprammonium and Acetate. Still later, the United States produced nylon in 1938, leading to invention of other synthetic fabrics, including the Japanese polyvinylidene and vinylon. An item by item breakdown of 1955 world production of chemical fiber fabrics, classified according to the process of manufacture, finds that the Viscose method (including the cuprammonium process) was most popular—production by this method amounted to approximately 81 percent of the total, followed by about 9 percent of the Viscose process. The remaining 10 percent was made up of synthetic textiles. An analysis according to the origin of countries finds that the United States topped the list in 1955 with 29.5 percent, followed by Japan's 13.8 percent, West Germany's 9.2 percent, England's 8.6 percent, Italy's 5.5 percent, and France's 4.8 percent. These six nations manufactured 71.4 percent of the total chemical fiber production for 1955.

### Rayon in Japan

Japan began to manufacture chemical fiber fabrics in 1917. During the middle years of the 1920's, rayon companies were established one after the other. With the Japanese gold embargo of 1932 as a turning point, Japanese chemical fiber fabric production began to show remarkable activity, due partly to brisk exports along with the great increase in domestic consumption. In 1932 production of

rayon staple began in Japan. This industry also developed impressively, especially after Japan was obliged to restrict the import of raw cotton and wool following the Japan-Australia parity of 1936 and the outbreak of the China Incident in 1937; in Japan then a certain amount of rayon staple was mixed with raw cotton and wool in order to economize the consumption of such natural fibers. In 1938, Japanese production of chemical fibers reached 541 million lbs., or 28.1 percent of the total output of the world that year, thereby becoming the greatest single chemical fiber manufacturing nation. During World War II, however, the Japanese chemical fiber industry suffered badly because of the acute shortage of raw material and also because of industrial readjustments resulting from war needs. Chemical fiber production in Japan dwindled to 1/20 of the prewar peak by the war's end.

During the postwar years, Japanese chemical fiber industrial companies made great efforts to recover, along with the modernization of productive equipment and rationalization of administration. During this time, the production of such synthetic fibers as vinylon, nylon, and polyvinylidene chloride fiber, as well as acetate, came to be manufactured on a large industrial basis. Japan's chemical fiber production aggregated 767 million lbs. in 1955, surpassing the prewar peak record. Furthermore, the 1956 production reached 981 million lbs., again shattering the high record of 1955.

### Japan's Chemical Fiber Output

(Unit: yarn, 1,000 lbs.; fabric, 1,000 square yards)

RAYON						
Year	Rayon Filament			Cuprammonium yarn	Total	Rayon staple
	Viscose					
	Regular	H.T.				
1955	-----	159,322	21,046	14,061	194,459	530,830
1956	-----	181,167	22,160	19,023	222,350	681,537
SYNTHETIC FIBERS						
Year	Acrylic	Vinylon	Nylon	Vinylidene	Chloride	Total
1955	----	13,575	17,804	3,359	—	766,839
1956	----	23,635	33,806	5,188	733	980,776
ACETATE						
Year					Yarn	Staple
					894	5,918
					5,046	8,384
1955	-----					
1956	-----					
SPUN RAYON YARN						
Year	Spun rayon yarn		Mixed spun rayon yarn		Total	
1955	-----	369,411	41,526			410,937
1956	-----	455,421	59,201			514,622
FABRICS						
Year	Rayon filament fabrics			Rayon staple fabrics		
1955	-----	773,830				895,922
1956	-----	920,691				1,112,252

Only one criterion could be permitted to apply—not where an official came from but how he was doing his job. The southbound army and cadres were despatched by the Centre because of the rightist errors of the Kwangtung leaders during the agrarian reforms and local cadres had only the obligation to unite with them and no right to exclude them. "But the parochialists want to exclude them and oppose them; it means they oppose the principle and the line of the Centre and destroy the unity of the Party. Parochialism poisons not only the Party but the cadres as well." The Provincial Committee, he added, had decided to open a debate on the historical problems of Kwangtung as the best method of eliminating parochialism. Cadres from other areas and the local cadres must fraternise and unite with each other and thus do a better job.

There are eight companies in Japan which manufacture ordinary rayon filament yarn by the Viscose process. Combined production in 1956 amounted to 79.9 percent of the total rayon filament output. Only one company adopted the cuprammonium process, turning out 8.4 percent of rayon filament yarn. Acetate yarn is produced by four companies, whose total output amounts to 2.2 percent of total production. High tenacity rayon filament yarn for



tires, belts and other industrial uses is manufactured by four companies and corresponds to 9.7 percent of total output.

Up to 98.8 percent of total production of staple fiber in 1931 was in rayon staple. At present, there are 14 companies which manufacture rayon staple. Acetate staple is being manufactured by three companies but the quantity is small, amounting to 1.2 percent of the total. Spun rayon yarn in Japan is manufactured by 13 companies by the "integrate through process—" from raw material to the finished products, as well as by 32 companies which specialize in the manufacture of this yarn.

Of synthetic fiber, nylon is being manufactured by two companies in Japan. In 1956, nylon accounted for 53 percent of all synthetic fiber products. Vinylon is manufactured by four companies, the quantity equalling 37 percent of the total. Polyvinylidene chloride fiber is produced by two companies, with quantity representing 8 percent of the total.

In recent years, Japan started manufacturing synthetic fibers from polyvinyl chloride and acrylic acid group.

Filament fabrics (comprised of rayon, cuprammonium, acetate and some mixed weaving) production in 1956 reached 920,691,000 square yards, the bulk in crepe, georgette, satin, and shioze. As for staple fabrics, such as spun rayon, acetate and some mixed woven goods, production in 1956 amounted to 1,112,252,000 square yards. Over one half of this consisted of muslin, followed by serge, gabardine, and other fabrics. The production of synthetic fiber fabrics, including mixed woven goods, amounted to 108,243,000 square yards in 1956.

**Quality And Demand:** During the war chemical fibers were looked upon as shoddy substitutes. This was largely because the production of chemical fibers was pushed in order to fill shortages of natural textile products—in terms of volume, not quality. The postwar chemical fiber industry, however, has made spectacular progress in production techniques and has carved an invincible position for itself by bringing the quality of chemical fibers up to that of natural textiles. Especially astonishing is the postwar improvement of quality, and Japanese products are now on an international standard.

The advent of synthetic fibers and acetate has further enriched the variety of chemical fibers, with the result that demands for chemical fibers are on the up-grade, while natural textile products are becoming unpopular.

Per capita consumption of textiles in Japan explains this trend clearly. The consumption of cotton goods dropped to 6.47 lbs. by 1955 from the 8.05 lbs. of 1934-36. In the case of chemical fibers, on the contrary, it soared to 4.30 lbs. from 1.20 lbs. The percentage of cotton goods in the consumption of all kinds of textiles dropped to 44.3 per cent from 69.6 per cent, whereas chemical fibers rose to 29.5 per cent from 10.4 per cent.

Characteristics and uses of various kinds of chemical fibers are as follows: Production-wise, rayon staple is the highest of the chemical fibers. The post-war improvement of its quality merits special mention. It is soft and elastic and preserves heat. Furthermore, the advanced resin-processing techniques have enabled the industry to produce sanforized and wrinkle-proof fabrics. In recent years, long staple of big denier has been in great demand. Outstanding advantages of rayon staple, among others, are its cheapness and its ability to blend with any other textile. Accounting for about 60 per cent of the production of spun rayon fabrics is muslin. This product, resistant against wear and cheap, is fast winning popularity, driving out woolen muslin. It is also encroaching on such dress ma-

terials as serge, gabardine and tropicals, curtain and carpet materials, woolen products, poplin and gingham.

Demand for rayon filament yarn as a quality fabric is gradually increasing, and the production of yarn of small count is on the rise. As products of rayon filament yarn are very soft and smooth to the touch, they have a "sure" demand as summer dress material, underwear and other uses. In this field, sanforizing and dyeing techniques have shown remarkable improvement.

Cuprammonium Process Yarn is being sold under the name of "Bemberg." With a refined luster, soft touch and high tension in a wet condition, it is being widely used for women's dresses, kimono, underwear and lining material. Special resin-processing techniques make Bemberg shrink- and wrinkle-proof.

High Tenacity Rayon Filament Yarn has a variety of industrial uses. Compared with cotton textiles, high tenacity rayon filament yarn has more resistance against heat and wear. For this reason it is used for the manufacture of automobile tires, with a saving of rubber and textiles. This cheap material accounts for as much as 95 per cent of the tire cords now in use. High tenacity rayon filament yarn as cords for such rubber goods as bicycle tires, conveyor-belts and V-belts is becoming highly prized. At present the percentage of high tenacity rayon filament yarn for these cords ranges from 25 to 50 per cent, but it is expected that the conventional cotton cords will eventually be taken over by this new product.

Acetate is elastic and hard to wrinkle, has a refined luster and is soft to the touch. Acetate yarn resembles silk, and acetate staple looks like wool. Mixed weaving of rayon staple, wool or rayon yarn and acetate makes fabrics with a fresh feeling. Making use of its thermoplasticity, the textile industry is widely using acetate for "permanent" pleats in skirts or creases in pants.

Synthetic fibers now produced in Japan include nylon, vinylon, polyvinylidene chloride fiber, synthetic fibers of polyvinyl chloride and the acrylic acid families. Among the foregoing synthetic fibers, nylon is the lightest, and it is possible to manufacture extremely thin and qualitatively uniform yarn out of nylon. That is why nylon is best suited for thin fabrics of superior quality. Nylon is the least hygroscopic, resistant against rubbing and free from moss damage and erosion. For stockings and socks, it has decided characteristics. In industries, nylon is establishing an important niche in the manufacture of fishing nets, ropes, hoses, tire-cords, paper felt, filter cloth, fishing line, etc. With the advent of woolly nylon, nylon is proving very valuable in everyday living.

Lighter than rayon, acetate, raw wool, cotton or silk and very resistant to rubbing, vinylon is widely utilized for working dresses, student uniforms and children's dresses. With a heat-preserving quality, it is also used for knitted underwear and blankets. Besides clothing, vinylon is highly appreciated in fishing nets, ropes, filter cloth and tents. This synthetic fiber originates in Japan and its future prospects are very good.

Exceptionally resistant against chemical effects, almost non-flammable and absorbing no water, polyvinylidene chloride fiber is being sold under the names of "Saran" and "Krehalon." Due to its unique characteristics, it is not used for clothing but is very popular as an industrial material. This synthetic fiber is useful for filtering and packing. The building industry is also using polyvinylidene chloride products such as anti-insect nets, sheets and various kinds of pile fabrics. Polyvinylidene chloride fiber, with a sound-transmitting quality, is also being used in solving various problems involving sound transmission.



Polyvinyl Chloride Fiber recently made its debut under the names of "Teviron" and "Envilon." Resistant to chemical effects and wear in water and lighter than cotton, polyvinyl chloride fiber is being used for fishing nets, sail canvas, filter cloth and in other industrial materials. Clothing of polyvinyl chloride fiber is also very popular. Polyvinyl chloride, the raw material of this kind of fiber, can be manufactured at a very low cost.

Synthetic Fibers of Acrylic Acid Families: Recently "Kanealon" appeared on the market. Compared with cotton and wool, it is superior in elasticity, resistance against chemical effects and rubbing and heat preservice. "Kanealon," therefore, is replacing men's and women's dress material, overcoat material, man-made fur, blankets, carpets, hosiery, filter cloth and paper-manufacturing felt.

Thus, chemical fibers, in parallel with natural textiles, have been established, meeting fast-changing tastes and requirements of modern living. Mixed weaving of chemical fibers, or chemical fibers and natural textiles is making steady progress enriching the variety of textile fabrics.

#### Raw Materials and Working Conditions In Chemical Fiber Industry

During the 1920's the rayon industry in Japan made rapid development; so did the pulp, soda and inorganic chemical industries, which were supplying raw materials to that industry. As history shows, the chemical fiber industry and chemical industry are closely related. At present, all the caustic soda, sulphuric acid and carbon dioxide, and the majority of rayon pulp the rayon industry needs are procured domestically. Imports of raw materials for the rayon industry include only salt for the manufacture of caustic soda and rayon pulp of superior quality in small quantities (which account for 20 per cent of the total rayon pulp consumption in 1955 and 22 per cent in 1956). In other words, raw materials for the chemical fiber industry are almost totally produced at home. This means that in the Japanese economy, which aims at self-sufficiency, the chemical fiber industry is a most desirable industry and at the same time a highly promising export industry. On the contrary, cotton spinning and wool industries depend almost totally on imports of raw materials, which proved one of the major aggravating factors in the international balance-of-payments.

In regard to the relationship between the chemical fiber industry and material-supplying industries, the chemical fiber industry consumed 100 per cent of the domestic rayon pulp produced in 1955; 93 per cent of the carbon dioxide; and about 50 per cent of the caustic soda. The percentage of the sulphuric acid consumed is about 12 per cent, but a large amount of sulphuric acid is being manufactured and at the same time consumed by chemical fertilizer manufacturers. Hence, so far as sulphuric acid on sale is concerned, the chemical fiber industry's consumption amounts to one-third of the total. It is no exaggeration to say that the vicissitudes of the caustic soda and carbon dioxide industries rest on the chemical fiber industry. The acetate and synthetic fiber industries depend upon the carbide and tar industries for raw materials but expect much from the petrochemical industry for future expansion.

Costs of such materials as pulp, caustic soda, sulphuric acid, carbon dioxide, acetone, acetic acid, carbide and carbonic acid are still high. The high costs of raw materials make it difficult for the chemical fiber industry to lower production costs. In order to enable the Japanese chemical fiber industry to compete fairly with foreign counterparts on the international market, raw materials need to be supplied at lower costs.

In employment the chemical fiber industry is playing an important role. The industry's employees totaled 47,339 males and 38,332 females at the end of 1956. If the workers in related industries are taken into account, the number of employees rises greatly. Productivity of labor in the chemical fiber industry has shown amazing improvement in the last four or five years, contributing much to rationalization of the industry.

#### Export Success

The export of Japanese chemical fiber products came to a halt during the war years, after practically sweeping world markets prior to the war. With restoration of peace



was revived the Japanese trade in chemical fiber goods, despite the fact that Japan had lost some of her best prewar markets and that there were marked changes in the needs of new markets. Along with the recovery in production, the export of spun rayon yarn and spun rayon fabrics surpassed the prewar record in 1954, establishing an all-time high. In 1956, there was an all round increase in the Japanese chemical fiber products export, so much so that the total value exceeded that of 1955 by 30 percent.

The Japanese export of rayon filament fabrics has topped all the exporting nations since 1951. Next in importance came spun rayon fabrics, besting all world producers since 1952 and even exceeding the former in 1954 in value and amount. Breakdown of the 1956 export shows that all items registered increases over 1955, except for spun rayon yarn. While rayon filament yarn export slowed down a little, remarkable increases were registered by rayon filament fabrics and spun rayon fabrics. An especially steady advance was made in the staple fiber section, reflecting the worldwide increased demand. Export of rayon filament fabrics in 1956 somewhat subsided after the sharp advance in 1955, while the spun rayon fabrics export increased by leaps and bounds since 1950.

#### Chemical Fiber Products Exports

(Unit: yarn, fiber, 1,000 lbs.; fabrics, 1,000 square yards; value, ¥1,000)

Year	Filament	Spun rayon Staple yarn	Filament fabric	Staple fabric	Total value	
1954	17,352	1,730	34,286	263,723	302,557	59,547,456
1955	18,046	4,648	39,224	342,606	521,391	80,143,001
1956	18,591	8,202	35,536	438,105	695,162	104,142,722

Filament includes rayon filament yarn, cuprammonium yarn, acetate yarn; staple includes rayon and acetate staple. The same applies to fabrics.

Before the war, Manchuria and continental China took 25 percent of the total Japanese chemical fiber products export. After the war, these markets were lost to Japan.

## ECONOMIC LETTER FROM TOKYO

**Balance of Payments:** The Bank of Japan and the Finance Ministry announced that our international payments in December, 1957, resulted in a balance in our favor of \$47 million. Taking the whole year 1957, our foreign exchange receipts totalled \$3,642 million and payments \$4,175 million, with a big balance of payments deficit of \$533 million as against a surplus of \$293 million in 1956. Notable is the fact, however, that while the deficit in the first half-year reached \$399 million, owing to a sharp increase in import, the adverse balance gradually decreased in the latter half-year reflecting the effects of tightening of money, and from October forwards the balance of payments actually turned to a surplus amounting to \$93 million. It is to be mentioned that our export in 1957 amounted to \$2,781 million, an increase of \$379 million or 16% compared with 1956, while import increased no less than \$1,102 million, a big rise of 45%, because of increases in iron and steel raw materials in the main and in textile materials, metals, and machinery as well.

**Foreign Trade in 1957:** According to the customs statistics, our export trade for the whole year 1957 totalled \$2,852 million, but since import reached \$4,283 million at the same time, there was an excess import of \$1,430 million. Compared with 1956, export shows an increase of 14% and import of 32%, and the excess import is \$701

million higher. Furthermore, Japanese exports to India have been eclipsed due to competition from Italy. The 1956 export of Japanese chemical fiber to the sterling area decreased to 60 percent from the 65 percent of 1955, while increases were seen in exports to the open account area, from 18 percent of 1955 to 20 percent. Those to the dollar area increased from 17 percent to 20 percent.

The Japanese export of synthetic fiber products is relatively small because the industry concerned is still young in Japan and production has only begun. Japanese nylon yarn is exported mainly to Korea, Hongkong, Formosa, and Uruguay; vinylon yarn is exported mostly to Korea; nylon fabric is exported mainly to Australia, Hongkong, Burma, and New Zealand; vinylon fabrics are exported mainly to Communist China and Sweden; polyvinylidene fabrics are exported principally to India and Egypt.

Japan exported 40 percent of her total domestic production of rayon filament yarn in 1955 and this ratio increased to 43 percent in 1956. The ratio of rayon staple products against total domestic production was 36 percent in 1955 and this increased to 36 percent in 1956. Italy exports 60 percent of her total chemical fiber production; England 27 percent; West Germany, 28 percent; and France, 33 percent.

The chemical fiber industry occupies a highly important position in Japan as an export enterprise. Combined total exports from Japan in 1956 amounted to \$2,500 million, of which \$814 million, or 34.8 percent, were in textiles; and \$289 million, or 11.6 percent, of aggregate exports, and 33.2 percent of the total textiles, were in chemical fiber products. Furthermore, the chemical fiber industry ranks foremost as a foreign currency earning enterprise. In contrast to the fact that raw cotton and wool imports into Japan exceed the value of exports of products processed in Japan, the chemical fiber industry had a net income of \$201 million in 1955 and \$254 million in 1956 in foreign exchange.

million higher. Again, if comparison is made by half-yearly periods, the excess import in the first half-year which amounted to \$1,016 million is \$677 million greater than the same period of 1956, while that in the second half-year amounting to \$414 million, is only \$25 million more than last year. It indicates the fact, same as the foreign exchange statistics, that, even though our balance of payments position decidedly deteriorated during 1957 as a whole, a marked improvement was made in the latter half as compared with the first half of the year.

**Fiscal 1958 Budget:** According to budget draft, both the revenue and the expenditure amount to ¥1,312,134 million in fiscal 1958, which is an increase of ¥174,670 million compared with 1957. The Government's investments and loans total ¥367,900 million, which, though ¥41,200 million less than the initial program for 1957, shows a ¥15,550 million increase when compared with the final figures after deferment decided on. The budget draft has been composed chiefly with a view to export promotion. At the same time, it may be called a super-balanced budget in that out of the fiscal 1956 budget surplus ¥43,600 million has been reserved as "a fund for strengthening the nation's economic foundation" so as to avert any stimulating influences being exerted on the economy from the side of Government finance.



## ECONOMIC LETTER FROM MANILA

Organization of Mercury Steel Industrial Corporation has been approved for registration by the SEC. Capitalized at P1,500,000, of which P600,000 has been subscribed and P240,000 paid up, the firm intends to engage in the processing, milling, smelting, preparation and treatment of ores, as well as in the manufacture of alloys and their by-products.

The Ledesma family received SEC approval for a new firm to engage in loans on the security of personal property and to carry on the operations of a general pawnbroker. To be known as P. Ledesma and Co., Inc., the firm has an authorized capital of P500,000. A spacious new motion picture theatre, the Odeon, has opened its doors in Manila. The operators, Mayfair Theatres, Inc., billed it as the most luxurious theatre in the Far East. It seats 1,500 and has the latest and most modern furnishings and equipment throughout. Manila has now more cinemas than any city in the Far East with the exception of Tokyo.

Liberation Steamship Co. has been newly organized and registered with the S.E.C. Incorporators are all Filipinos. Capitalization is P1,000,000, of which P220,000 has been subscribed and P55,000 paid up. Majority stockholders are Jose Ma. Amusategui and Victor Jobli. Firm will engage in the purchase, charter, hiring, building and operating of ships as well as in the shipment and carriage of goods by sea. Far East Corn Refining Co. has been set up in Cebu City by a group of Filipino, American and Chinese businessmen to manufacture and sell glucose, starch, caramel color, dextrose, chemical products and by-products derived from corn and other agricultural crops. Its subscribed and fully paid up capital is P300,000.

The Firestone Tire and Rubber Co. reveals that its new plant outside Manila is the company's 14th to be established outside the United States. The new Philippine plant, which went into active production, will eventually be supplied with raw rubber from the company's new 1,000-acre natural rubber plantation in Mindanao. Most of the 300 employees at the Manila plant have been hired locally.

A new battery manufacturing firm, Republic Motors Corp., has been organized by Salvador Joquico, Fe Adonis Joquico, Josefino J. Santos, Benjamin Javier, Jovita Bilaw, Eriberto Adonis and Fernando Bilaw. Salvador and Fe Joquico are majority stockholders in the company, which is capitalized at P500,000, with a subscribed capital of P100,000, of which P68,000 has been paid up. The firm will engage primarily in the manufacture of auto batteries, battery cases, electric arc welders, transformers, coils, brake fluid and spare parts for motor vehicles.

A new investment, trading and mining concern, Universal Amalgamated, Inc., has been registered with the SEC by Alfredo Lustre, Bayani Chua Guan, Pablo P. Roman, Norberto A. Ferrera and Armando L. Abad. Capitalized at P500,000, with a subscribed capital of P100,000, of which P30,200 has been paid up, the firm will engage in general investment, import-export, and manufacturing and will act as factors, agents and commission merchants for other establishments.

The Perez de Tagle family has organized a new real estate firm in Manila with a total capitalization of P1,000,000, of which P200,000 has been subscribed and P50,000

paid up. Under the name of Joaquina Realty Co., Inc., the firm will engage primarily in the buying, selling, leasing, subdividing and mortgaging real estate.

The Reyes family in Manila has organized a hotel and restaurant management firm, The Aristocrat, Inc., capitalized at P1,000,000, of which P793,600 has been subscribed and P696,100 paid up. Majority stockholders are Esperidion, Alex Jr., and Jose Reyes. The new firm intends to engage primarily in the establishment, acquisition, maintenance, operation, and promotion of hotels, nightclubs, resorts, amusement places, bars, restaurants, cafeterias, delicatessens, sandwich stands, hamburger stands, tea shops, coffee shops, soda fountains, refreshment parlors, candy stores, bakeries, confectioneries, beer gardens and other similar establishments.

Riverside Manufacturing Corporation closed the fiscal year ended Sept. 30 with a net profit of P439,830, as against



P353,573 in fiscal 1956. In addition, the company expects to realize about P50,000 in dividends from its affiliates—Philip Manufacturing Corp., Philippine Thread Mills, Inc., and other enterprises. The spinning project is now complete with 10,220 spindles. The expansion contemplates the installation of a 300-loom weaving mill and finishing plant which would involve an outlay of about P900,000 for

buildings and about P1,600,000 for machinery and accessories. To cope with this expansion, the company decided to increase the authorized capital stock from P5,000,000 to P10,000,000 beginning the next fiscal year. Riverside is the first textile corporation to have its shares listed on the big board of the Manila Stock exchange. Par value of the listed stock is P10 per share.

## PHILIPPINE ECONOMIC REPORTS

Economic indicators at end of January: dollar reserves: \$136,800,000; currency issue of the Central Bank: P797,340,000; gold price, free market in Manila; bullion, P119.00 per oz, refined, P119.00. Black market for peso same as free market in Hongkong.

Pres. Garcia has recommended the following measures: 1. Development of new markets through diplomacy abroad. 2. Strengthening of diplomatic posts. 3. Improvement of quality of export products. 4. Diversification of exports, through research, market studies and utilization of by-

products. 5. Priorities and incentives to increase processing of local raw materials.

The administration with a dozen priority bills wants to achieve the following objectives: 1. Revise the educational system to give emphasis to scientific training and to stress vocational training. 2. Coordinate scientific activities, in research and application of inventions. 3. Revive price control law. 4. Repeal barter law. 5. Grant executive powers to the National Economic Council. 6. Set higher tariffs on luxury and non-essential goods. 7. Amend the mining law, for encouraging the development of the Surigao nickel and iron deposits. 8. Set effective conservation measures for soil and forest resources. 9. Grant producer incentives for increases in staple crops. 10. Standardize cottage industry products like mats, slippers, hats, leather goods. 11. Realign the boards of government corporations so that most board members will serve on full-time basis. 12. Increase internal revenue and customs collections.

There were 1,766 larger establishments engaged in manufacturing in the Philippines in 1956. Larger establishments were defined as those employing 20 or more workers. They had a combined employment of 147,282, with total payrolls for paid employees amounting to P272,718,000. Total output of these establishments amounted to P1,858,224,000, while costs of materials and fuels consumed totaled P984,716,000. Value of inventories at the end of 1956 was P380,242,000, against P347,115,000 at the beginning of the year. Value of fixed assets at the beginning of the year was P719,661,000, and expenditures for new structures and new machinery and equipment during 1956 amounted to P90,318,000.

The Philippines is the only area in the chain of Pacific basin stretching from Borneo to Kamchatka that does not produce oil. It is for this reason that several oil companies have been formed to join the search for oil. Standard Vacuum and Philippine Oil are pressing the drilling program in the Cagayan valley. The newly organized Republic Resources and Development Corporation is undertaking a joint exploration and development program with San Jose Oil. It is likely that the search for oil will continue. Millions of pesos have been poured into the search for oil. Despite the dry holes that have resulted from the drilling so far, enthusiasm is expected to increase.

Luzon Machineries, Inc., a Filipino Corporation, has been appointed exclusive representative of American Motors Corp. for the assembly and distribution of Rambler motor vehicles—America's newest medium-priced compact and smaller automobile. The local distribution of Metropolitan "1500," manufactured to American Motors' specifications by British Motors Corp. of England, will be handled in the Philippines by Luzon Machineries.

Backers of the Filipino-American project to build a new luxury hotel in Manila point out that the proposed Hotel Rizal Intercontinental will not compete with downtown hotels such as Bay View, Filipinas and the Manila Hotel. Enrique Zobel, president of Rizal Realty Corp., noted that



## HONGKONG NOTES AND REPORTS

**Low-Cost Flats**—According to the Hongkong Housing Authority, over 1,700 letters offering accommodation to selective prospects were sent out during the past two months and about 1,000 tenancy agreements have been signed. 600 families however have declined the offer and the Authority's statement explains, "While about half of these are for reasons of changed family circumstances, or accommodation not now required, or preference for accommodation in a different part of the Colony, nearly half are due to unwillingness or inability to pay the rent required particularly in the case of large flats for seven and eight persons which charge \$133 and \$138 respectively." The Authority had assumed that families would in general be prepared to pay up to 20 per cent of their income on rent but it is now apparent that families of this size in the income range of \$300/\$900 are either unwilling or unable to do so. The Authority now offers these \$133 and \$138 flats to families earning \$900/\$1,400 a month. However many of those who had declined the offer confided that they gave up the 'privilege' on account of the stringent conditions in the tenancy agreement which prevents them from using firewood for cooking, from sub-letting, and lists a dozen of other 'must-nots'.

**Resettlement Buildings**—The third stage of the Shek Kip Mei Estate Redevelopment (9 blocks with 3,850 rooms) is well under way. At the end of last year, 5 blocks were ready for occupation and work on the 6th and 7th block continued according to schedule. At the Hung Hom Estate (4 blocks with 1,848 rooms) site formation for the fourth and last block is progressing. One of the 25 blocks planned for the Wong Tai Sin Estate was completed before the end of last year; construction of seven more blocks is well under way. At the Lo Fu Ngam Estate (8 blocks), six blocks were completed at the end of 1957; site formation on the last two blocks is in progress. A resettlement factory building in Cheungshawan of the "flatted" type was completed last October.

At the end of last year the population of the Multi-Storey Estates was 152,344 of whom 15,207 were living in the emergency 2- and 3-storey buildings at Shek Kip Mei. The population in Temporary Cottage Areas in Kowloon, Tsun Wan and Hongkong was 76,420. The above are official figures; private estimates give far higher numbers of people living in these tall but ugly blocks.

**Industrial Sites**—A small area below the Tai Lam Chung Dam will be developed for light industries which do not require extensive supplies of water or the importation of labour from outside the immediate district. In Taipo, an area of unproductive salt paddy land at Nam Hang has been converted to industrial use; a carpet factory will be erected on the site. On Lantau, a large area in the north-

eastern part of the island will be used for heavy industries. The China Light and Power Company's supply network has been extended to Shek Pik on the southern side of Lantau. 17½ miles of cables have been set up on the island; the lines will eventually be carried to the Chimawan area.

**Cut in Electricity Surcharge**—The Hongkong Electric Company and the China Light and Power Company announced last week that the electricity surcharge will be reduced from 15 to 12 per cent next month. The reduction is possible because fuel price has declined. The surcharge was raised from 9 to 18 per cent last March and cut to 15 per cent in August. Last year, local industrialists and businessmen urged Government to persuade the electric companies to drop this surcharge after the rate had gone up from 9 to 18 per cent. The 3 per cent cut last August was considered unsatisfactory but the two electric companies held firm to their decision. In last week's announcement, the Hongkong Electric Company claimed that the reduction was possible partly due to increased efficiency with new machinery and other factors. The rise in the Company's income and profits as a result of more houses and factories was not mentioned in the statement but it must have been one of the 'other factors' which made the reduction possible. That also goes for the China Light Co. operating most profitably in ever more industrial Kowloon.

**Woollen Piecegoods**—Hongkong made woollen piecegoods will soon appear here. A new worsted mill established here last year has already produced 30,000 yards of woollen fabrics and sent them to Britain for finishing. The price of these fabrics in the local market will be slightly lower than similar imported piecegoods. It remains to be seen whether the quality of these woollen materials is good enough to attract buyers especially in the highly competitive local market which is overflowing with British, Italian, Japanese and other woollen fabrics.

**American Investment**—An American businessman is considering to start a factory here to make jewellery for exports to US and Europe. If the project materializes, local hands will be trained under the supervision of American technicians and tools will be imported from US. Another American is planning to operate a starch factory in Kowloon; local representatives are looking for a site in the New Territories. The much-talked-about American-financed automobile assembly plant miscarried. The 1958 outlook for automobile sales does not justify this investment.

**Education**—The number of children studying in all types of schools in Hongkong and Kowloon at the end of last year totalled 359,760, an increase of 6,680 over the September record. Enrolment in government schools totalled 38,364, in grant-in-aid schools 17,347 and in subsidised schools 89,043. The remaining 215,006 attended private day and night schools and special afternoon classes.

During the last quarter in 1957, three new government primary schools accommodating 4,860 pupils in two sessions were built in the urban area. A new subsidised school in the urban area for 990 primary pupils in two sessions was also completed during the period. In the rural area, seven new subsidised primary schools accommodating 759 pupils were completed and extension was added to a school to provide accommodation for 270 more primary students in two sessions. Private schools completed in the urban and rural areas were two new buildings for 1,170 primary and 720 secondary students and two school extensions for 86 primary and 160 secondary pupils. During the

the downtown hotels will still be ideally suited for business travellers, while the new Rizal will appeal to those who prefer a quieter country-club atmosphere. Zobel said that the American partner in the new hotel project, Pan American World Airways, plans to put \$1,300,000 into the hotel as a permanent investment and will not seek repatriation of this principal.

La Perla Cigar and Cigarette Factory, largest tobacco manufacturer in the Philippines, reports that it set a new record in 1957 with payment to the government of P37,567,008 in specific taxes. This ranks the firm as one of the largest taxpayers in the country.

## HONGKONG'S GEOGRAPHY

Reprinted from the Annual Report of Hongkong by permission of the Hongkong Government. Crown Copyright Reserved.

### Geography

The Colony of Hongkong consists of a number of islands and a portion of mainland on the S.E. coast of China, adjoining Kwangtung Province and situated immediately E. of the Pearl River estuary. The capital city, Victoria, situated on Hongkong Island, is 91 miles S.E. of Canton and 40 miles E. of the Portuguese Colony of Macau.

The total land area of the Colony is 391 square miles, made up as follows: (a) Hongkong Island (32 sq. miles), including Green Island, Aplichau, and other immediately adjacent islets. Victoria, on the north side of the island, has a population of approximately 1,000,000. Also situated on the Island are two important fishing towns, Shauiwan and Aberdeen, and a number of villages, such as Stanley and Shek O, which have developed into popular residential areas.

(b) Kowloon ( $3\frac{1}{4}$  sq. miles) and Stonecutters' Island ( $\frac{1}{4}$  sq. mile). The northern limit of the ceded territory of Kowloon is Boundary Street. Kowloon and New Kowloon (the urban zone north of Boundary Street) have an estimated population of more than 1,000,000. (c) The New Territories (land area 355 sq. miles), leased from China for 99 years from 1 July 1898. The leased area consists of a substantial mainland section north of Kowloon, and 198 islands adjacent to it and in the vicinity of Hongkong Island. It also includes the waters of Deep Bay and Mirs Bay. The principal centres of population in the New Territories are Tsun Wan, with a population of 38,490; Cheung Chau, with 15,085 land-based inhabitants and approximately 7,000 boat people anchored there for the greater part of the year; Yuen Long, 13,863; Tai O, with 8,860 land-based inhabitants and about 2,000 boat people; Shek Wu Hui, 7,050; Taipo, 6,779; Ping Chau (Southern District), 3,864; Castle Peak (Tuen Mun and San Hui), 3,560, excluding floating population; and Saikung, 1,472. The total population of the New Territories, excluding New Kowloon, is probably in the region of 300,000.

The population figures for Victoria and Kowloon are entirely approximate. The figures for New Territories towns have been arrived at from an unofficial census being carried out during 1955, and not yet completed, by the New Territories Heung Yee Kuk (Council of Village Representatives), in collaboration with the New Territories Administration.

Hongkong Island is 11 miles long from east to west and varies in width from 2 to 5 miles. It rises steeply from the northern shore to a range of treeless hills of volcanic rock, of which the highest point is Victoria Peak (1,805 ft.) near the western end. Between these hills and the harbour lies the city of Victoria. The old part of the urban area runs up steep hillside for hundreds of yards, in narrow stepped streets and terraces; but more modern parts of the town stand chiefly on a strip of reclaimed land, averaging 200-400 yards in width, which extends 9 miles along the north shore of the Island.

quarter, 14 new private schools (with total accommodation for 2,742 students) were registered.

**Maiden Voyage**—The latest addition to the fleet of the Hamburg Amerika Line, the motor vessel Dresden, called at Hongkong last week on her maiden voyage. This cargo vessel has a deadweight capacity of 13,864 tons, a total bale capacity of 830,800 cubic feet including tanks for liquid cargo, and accommodation for ten passengers in 2 single and 4 double cabins.

Between the Island and the mainland lies the Port of Victoria, often described, with San Francisco and Rio de Janeiro, as one of the three most perfect natural harbours in the world. Its area is 17 sq. miles, varying in width from 1 to 3 miles. Ocean-going ships generally use the east, deep-water entrance, known as Lyemun, which is between 500 and 900 yards wide. On the western side the natural entrances to the harbour are wider but shallower. On this side a group of islands, which include Tsing I, Lantau and Lamma, provide effective shelter. The importance of Hongkong has hitherto depended on this harbour, and on its favourable position at the mouth of the most important river system in South China, within easy reach of Canton, South China's largest city.

The ceded territory of Kowloon originally consisted of a number of low, dry foothills running southward from the Kowloon hills in a V-shaped peninsula 2 miles long and nowhere more than 2 miles wide. Here and there on the peninsula were a few small Chinese villages. Most of the foothills have now been levelled, and the rock and soil thus cut away have been used to extend the land by reclamation from the sea. The town of Kowloon now covers the entire peninsula and stretches without interruption northward into the New Territories, the boundary of which is noticeable only from the name of Boundary Street, which marks it. Further on, the Kowloon hills set a final limit to this northward urban expansion, but around the sides of the harbour, westward toward Laichikok and eastward to Ngau Tau Kok, Kowloon is extending its urban arms to embrace several rural areas with villages established there for hundreds of years. Kowloon contains the Colony's main industrial area, one of the two principal commercial dockyards, the largest wharves for ocean-going ships and, in the area known as Kowloon Tong, a large residential suburb. At the extreme southern tip of the peninsula, known as Tsimshatsui, is the terminus of the Kowloon-Canton Railway, which passes from Kowloon under the Kowloon hills and through the New Territories to Canton.

A large part of the New Territories, both islands and mainland, is mountainous and barren. The highest point, situated approximately in the centre of the mainland, is Taimoshan (3,142 ft.). The second and third highest points are both on Lantau Island: Lantau Peak, or Fu Yung Shan (3,061 ft.), which is the western of the two, and Sunset Peak (2,857 ft.). The fourth highest point is Ma On Shan on the mainland (2,296 ft.). The north-western slopes of Taimoshan descend to the Colony's largest area of cultivable land, in the centre of which is the important market town of Yuen Long. Further out the land extends to marshes and oyster-beds on the verge of Deep Bay.

The eastern half of the New Territories mainland consists of irregular mountain masses deeply indented by arms of the sea and narrow valleys. Villages are in general only found where there is flat watered land, in valleys or on small plateaux. Much of the upper land in the areas nearest to Kowloon has been eroded, one of the unfortunate results of the Japanese occupation, when tremendous numbers of trees were cut for firewood. At the end of the war, virtually the only woods that still remained were those preserved in the neighbourhood of villages for geomantic reasons.

The 198 islands of the New Territories include many that are waterless and uninhabited. Productive land is even scarcer than on the mainland. The principal cultivated areas are on



Lantau, Lamma and Ma Wan, where water supplies are good. Apart from Lantau, which is nearly double the size of Hongkong Island, most of the islands are small. They range in character from the thickly-populated Cheung Chau, with its large fishing community, soya and preserved fruit factories, and junk-building yards, to places like the Nine-pins, which are no more than granite rocks, used seasonally, and by day only, by fishermen drying fish or repairing nets.

Although the Colony lies just within the tropics, it enjoys a variety of weather from season to season which is unusual in tropical regions. The climate is governed by monsoons. The north-east monsoon sets in during October and persists with occasional breaks until April, bringing cool air from high latitudes. Early winter is the most pleasant time of year, when the weather is generally dry and sunny. After the New Year the sky is more often clouded, though rainfall remains slight; dull overcast days with a chilly wind are frequent. Coastal fogs occur from time to time in early spring during breaks in the monsoon, when warm south-easterly winds may temporarily displace the cool north-easterlies. The summer is the rainy season, three-quarters of the average annual rainfall of 84.76 inches occurring during the period May to September.

### Geology

Hongkong Island and the New Territories are characterized by numerous rugged and irregular islands with deeply dissected peninsulas. A general picture of the area is that of an upland terrain which has been invaded by the sea.

The uplands and mountains are eroded remnants of rock formations, in which relative resistance of rock and structure through differential erosion is clearly recorded. As the region lies within the northern limit of the tropics, frosts, even on Taimoshan, are rare, and weathering depends almost completely upon the chemical action of the atmosphere, aided by the alternation of wet and dry seasons. Erosion is likewise due to water action, which is at a maximum during the torrential rains of the summer monsoon. Again, denudation is aided by the excessive wind velocities of typhoons, and to a much less extent by the gentler breezes of the dry winter monsoon from Central China. Because of the rural customs of cutting grass for fuel and lighting grass fires on hills, the soil and rock mantle are left unprotected except by their own cohesion.

The laterite-type product of decay is locally such, however, as to provide an impervious mantle for the underlying rock. In colour and composition the products of weathering accurately reflect their rock origin. Although frost action is absent, mechanical disintegration, due to hydration, carbonation and temperature changes, has resulted in the formations of gravel and boulders over the surfaces of some rock types. The net result of the erosion cycle is that of an upland system, with rocky mountain peaks and well-defined ridges, giving an impression of partly matured topography. In some areas the topography shows that adjustment to rock structure, and resistance to weathering and erosion, are very complete. This is evidenced particularly in the general anticlinal structure of the valleys. The Tolo Channel is a notable example. The relative resistance of the different rock formations to weathering is illustrated as follows. The highest peaks and the most prominent mountain ranges are all composed of Taimoshan porphyry and the Repulse Bay volcanics. They tend to form smoother peaks than the Hongkong granite, which generally occurs at lower elevations with well-etched peaks and sharp ridge lines. The Tolo Channel sediments generally weather into lowlands and valleys, except for the Pat Sin conglomerate, which form peaks and ridges along the crests of the Pat Sin mountain chain.

Unlike the hills, the plains are all alluvial and formed by deposition. Benches marking old sea beaches up to 400 feet or more above sea level indicate the deep submergence of the whole region within recent geological times. Progressive uplift has brought about marked changes on the shore-line. Submerged weathered rock surfaces overlain by peat and bog deposits drilled through in the harbour of Hongkong indicate that the former shore-line was at least 100 feet (16 fathoms) lower than now.

During the period of submergence valley heads were gradually filled with sediment, and this has been redistributed from higher to lower levels as elevation continued. The paddy fields along the lower reaches of the rivers, and the large semi-submerged plain around Yuen Long are alluvial deposits brought down by local streams. At the brickyards on the Sheung Shui plain marine shells have been dug up fifteen feet below the alluvial deposits.

The alluvial origin of the plains is thus clear, and it is also evident that these plains are yearly growing seaward, due to the deposition of sediment brought down by streams. It is interesting to note that an elevation of the land by 100 feet would restore the strand line approximately to the 16 fathom line, and make all Hongkong and the New Territories an integral part of the mainland. Thus, across wide alluvial plains, the Pearl River would develop several distributaries to the sea. There would possibly be a small channel flowing between Hongkong and Lantau Island eastwards, and a larger one passing close to the western end of Lantau in a south-easterly direction.

### Flora

It is not possible to make any true distinction between the trees of the Colony and those of the adjacent southern part of Kwangtung Province. Among the principal trees found in Hongkong and the New Territories are pine, Chinese banyan, and camphor, to which, since the area came under British administration, have been added a large number of others, of which the most commonly seen are casuarina, eucalyptus and flamboyant.

The principal locally-grown fruits include laichee, lung-nan, wong pei, loquat, pomelo, tangerine, banana, papaya, pineapple, custard apple, guava, and Chinese varieties of plum and pear. Of these, papaya, pineapple, custard apple and guava were originally introduced from South America by the Portuguese some time after the foundation of Macau. The tangerine, native to South China, was introduced to the West in the seventeenth century by the Portuguese, who transplanted it to Tangier, then under their control.

The flora of the Colony is tropical, but this is about the northern limit of tropical flora. The alternation between hot humid summers and cool dry winters results in a dormant period for tropical plants during winter. These conditions promote the development of large flowers borne at definite seasons of the year. The consequence is that a genus represented in Hongkong and also in equatorial countries produces here a greater wealth of flowers of larger size.

There is a considerable diversity of flowering shrubs and trees, including magnolia, Michelia, Rhodoleia, Illicium, and Tutcheria. Six species of rhododendron grow wild; there is also a wild Gordonia and wild roses. The heather family is represented by a pink-bellied Enkianthus, flowering at the time of the Chinese New Year. A Litsea also blooms at this time.

Bauhinia Blakeana, named after a former Governor, Sir Henry Blake, and discovered by the fathers of the Missions Etrangères at Pokfulam, is among the finest of the Bauhinia genus anywhere in the world. Its origin is unknown; it is a sterile hybrid, never producing seed.

(Continued on Page 224)

# FINANCE & COMMERCE

## NEW YORK STOCK MARKET

Action of the New York stock market since 22 December last year has by now set the stage for a valid test of the 1957 lows in the Dow-Jones industrial and rail share averages.

A termination of the current rally already more than six weeks old, if followed by a downward "in gear" movement of the averages, would provide such a test. The extent of the decline should not be less than one-quarter nor more than three-quarters of the ground gained from the 1957 lows and should be completed with declining volume in three months or less. A subsequent "in gear" rally above the previously established highs would, if not delayed, signal a major reversal of trend. Any decline in either average below the 1957 lows in the meantime would in-

dicate the persistence of an adverse economic situation.

There has been a slight excess of volume on the upside during recent sessions. This may have favorable long run implications, or it may simply be a phenomenon concomitant with the topping-off of the current secondary upward movement.

By comparison with that of Sputnik I, 1958 Alpha appears to have had an effect on the market only in proportion to its much lighter weight. This is not surprising. Generally, news of the day is discounted by the market well in advance of the fact. The composite of the hopes and fears for the future on the part of millions of people holding listed shares is much more basic to market action.

— Charles H. Barber

## RICE OUTLOOK FOR 1958

No estimates are yet available for the 1957/58 crops of SE Asia. The late date at which rains started over large areas is however expected to lead to some reduction in the output, particularly in Thailand. Nevertheless, in most of these countries great efforts are being made to raise the yield per hectare, as well as to extend the areas under irrigation, so that the adverse weather conditions may prove to have retarded progress rather than to have reduced the total crop below 1956 record level.

Crops mature earlier in the exporting countries further North. Early reports augur well for the rice crop of Taiwan, as well as for large areas in China, but on the other hand there are reports of severe flood damage in many parts of China. For the third year in succession, the United States took steps to reduce rice production. The acreage sown to rice had already been reduced in 1955/56 by official acreage allotments which continued in 1957. The rice acreage last year was further reduced by the operation of the Acreage Reserve Program (the "Soil Bank"). As a consequence, the acreage in 1957 was about 14 percent less than that of 1956, only just over one-half of the maximum reached in 1954 and in fact the smallest acreage since 1941. The crop was estimated (on July 1st) to produce about 1,765,000 tons of paddy, which would be about 18 percent below the 1956 crop, nearly 40 percent below the record crop of 1954 and the smallest crop since 1950. The Mexican rice acreage was increased by 10 percent in 1957.

Among the Mediterranean exporters, Egypt increased the area allotted to rice in 1957 by 18 percent. Italy, on the other hand, maintained in 1957 the acreage restriction of the previous year.

Very little is known so far about the requirements during 1958 of those countries whose imports have fluctuated widely in recent years. They are of special importance for 4 such countries—India, Indonesia, Japan and Pakistan—took nearly one-half (45 percent) of all the rice exported in 1956 (35 percent in 1955 and 52 percent in 1954). Whatever the import requirements for rice might appear to be on a purely statistical computation of rice crops, changes in stocks, movements of population etc., their effective demands for rice imports will certainly be largely governed by relative prices of different cereals, and in particular by the amounts of rice obtainable on specially favourable terms under surplus disposal programs. Since all old crop rice stocks owned by the United States authorities are said to have been already committed, and since the new crop in the United States is far lower than those harvested in the years when the surplus stocks were accumulating, there may

have to be a drastic scaling down of any import plans for rice which do not provide for effective payment in foreign currencies or through countervailing exports of goods. Stocks of other cereals in exporting countries will continue to be large throughout 1958 and these will probably continue to be obtainable on special terms.

India, Indonesia and Pakistan took large quantities of United States 'surplus' rice in 1956 and/or 1957. The import programs of these countries are therefore most likely to be affected by the further drastic reduction in the amounts of 'surplus' rice obtainable from the United States. India's total imports in 1958 are, however, not likely to fall below one half million tons owing to her long-term agreement with Burma. Pakistan was a substantial net exporter of rice as recently as 1955 and is striving to free herself from the need for imports brought about by the various events in East Pakistan which affected the rice crops so unfavourably. It is true, however, that, contrary to official expectations, the need for imports remained almost as high in 1957 as in 1956, and the extent of import requirements for 1958 will be difficult to assess until the outcome of the current crops is known. Meanwhile an agreement is reported to have been made with Thailand, under which Pakistan will buy 200,000 tons of rice annually in 1958 and 1959.

Japan is the only one of these four countries which did not take any United States surplus rice in 1956 and 1957, and her imports are therefore less likely to be affected by the diminution of this source of supply. Japan's imports of rice have been declining sharply over the past three years. There is now less scope for any further fall and there are indeed some indications that the recent trend may soon be reversed. There is thus a possibility of increased purchases by Japan offsetting to some extent a reduction in the imports of Indonesia, India and Pakistan. Here too, however, it is still too early to venture on figures until the results of the Japanese rice harvest are known.

Most of the other bigger importers tend to keep their rate of imports fairly steady, but their total requirements continue to augment with the steady rise in population. The population of the main rice-consuming countries of Asia increased by 55 millions (excluding China) in the five years between 1951 and 1956 (by 7 percent) or by 180 millions over the past 20 years. Although rice production has recently made rapid strides, the growth in population has been such that the per capita production in Asia (excluding China) is still lower than in pre-war days.



HK EXCHANGE MARKETS

U.S.\$				
Feb.	T.T. High	T.T. Low	Notes High	Notes Low
3	\$588¼	588	589½	588½
4	587¾	587	588	587½
5	587¾	586½	588½	587¼
6	587¾	587¼	589	588½
7	587½	587¼	588¼	587¼
8	586	585½	588	585½
D.D. rates: High 586½ Low 584.				

Trading totals: T.T. US\$3,800,000; Notes cash \$755,000, forward \$2,190,000; D.D. \$615,000. The market was easy on account of the higher cross rates and steadier Pound Sterling. In the T.T. sector, funds from Japan, Korea, the Philippines and South East Asia were absorbed by general and gold importers. In the notes market, demand from China for cash notes was centred on immediate deliveries; change over interest remained neutral. Speculative positions averaged US\$1½ million per day. In the D.D. sector, the market continued active; the volume of overseas Chinese remittances increased on account of the approaching Chinese New Year.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.755—1.725, Japan 0.014175—0.0141, Malaya 1.876—1.873, South Vietnam 0.06579—0.06493, Laos 0.063, Cambodia 0.075, Thailand 0.2717—0.2702, Indonesia 0.121. Sales: Pesos 360,000, Yen 95 million, Malayan \$430,000, Piastre 11 million, Kip 6 million, Rial 6 million, Baht 4 million, Rupiah 250,000. Market was active because merchants were eager to settle their accounts before the Chinese New Year. **Chinese Exchange:** People's Yuan notes quoted \$1.85—1.61 per Yuan. Taiwan Dollar notes quoted \$0.154—0.152 per Dollar, and remittances 0.139—0.136.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 15.62—15.48, Australia 12.67—12.55, New Zealand 14.10, Egypt 10.00, East Africa 14.80—14.65, South Africa 15.65—15.60, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1765—1.1755, Pakistan 0.785, Ceylon 0.94—0.935, Burma 0.575, Malaya 1.855—1.81, Canada 5.9325—5.8925, Cuba 5.00, Argentina 0.12, Brazil 0.055, Peru 0.27, Mexico 0.40, Philippines 1.845—1.795, Switzerland 1.36—1.345, West Germany 1.365—1.35, Italy 0.0091, Belgium 0.108, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0123—0.0122, South Vietnam 0.0675—0.0665, Laos 0.0635—0.062, Cambodia 0.0765—0.074, New Guinea 1.00, Indonesia 0.118—0.114, Thailand 0.269—0.26, Macao 1.007—1.00, Japan 0.014375—0.014225.

Gold Market			
Feb.	High .945	Low .945	Macao .99
3	\$257¼	256½	267 High
4	256½	256½	
5	256½	256½	
6	256¾	256¼	
7	256¾	256¼	
8	255¾	255½	Low 265½

Opening and closing prices were 257¼/255¾; highest and lowest, 257¼/255½. The market was easy in line with US\$ exchange rates and on account of reduced exports. Interest favoured sellers and aggregated HK\$2.20 per 10 taels of .945 fine. Tradings averaged 4,500 taels per day and amounted to 27,000 taels for the week, in which 11,910 taels were cash dealings (5,460 taels listed and 6,450 taels arranged). Speculative positions averaged 9,100 taels per day. Imports from Macao amounted to 11,000 taels. Exports totalled 8,000 taels (5,000 taels to Singapore, 2,000 taels to Indonesia, and 1,000 taels to India). Differences paid for local and Macao .99 fine were HK\$12.30—12.00 and 11.50—11.40 respectively per tael of .945 fine. Cross rates were US\$37.86—37.85 per fine ounce; 32,000 fine ounces were contracted at 37.85 cif Macao. US double eagle old and new coins quoted \$263 and 230 respectively per coin, English Sovereigns \$60—59 per coin, and Mexican gold coins \$275 per coin. **Silver Market:** 500 taels of bar silver traded at \$5.65 per tael and 800 dollar coins at \$3.58 per coin. Twenty-cent silver coins quoted \$2.75 per five coins.

HK SHARE MARKET

The market was active throughout last week. The turnover on Thursday at \$1.7 million was the highest since February 1957. (Monday \$900,000, Tuesday \$705,000, Wednesday \$720,000, Friday \$795,000).

Large-parcel transactions still dominated the market and interest was

particularly keen on Utilities. Electrics had 24,400 shares transacted, Lights over 38,800 shares, Telephones 17,900 shares, Trams more than 25,170 shares, Yaumatis 800 shares and even the usually quiet Star Ferries registered transactions of 136 shares; light-scale profit-taking towards week-end forced prices slightly lower but closing rates were higher than those for the previous week.

Lands reached 1958 high at 34.25; 12,000 shares changed hands. Hotels remained on the high level of 16.80 with a turnover of 15,800 shares. HK Banks had 265 shares transacted, mostly at the firm price of 835. Cements retained the upward trend; 200 shares changed hands at 26.30 after tugging between 26 b and 26.50 s.

On the other hand, Amal Rubbers lost 2½ cents chiefly due to the fact that the interim dividend of 5 cents was 3 cents lower than that for last year. Profit-taking also pushed prices for Wheelocks and Watsons fractionally lower but the undertone at the close was steady.

The overall improvement in the volume of trade and in share quotations just before the dividend season was probably stimulated by reports indicating that most of these listed companies had a good year in 1957. HK Tramways Limited's final dividend of \$1.30 is 20 cents better than that for 1956. The reduction of the electricity surcharge reflected that both electricity companies are doing well thus encouraging investors to anticipate a better return.

**Dividends**—Union Waterboat Company will pay a dividend of \$1.80 per share for the year ended December 1957. HK Tramways Limited's 1957 final dividend is \$1.30 per share. Amalgamated Rubber Estates announced that the interim dividend for the year ending June 1958 will be 5 cents per share.

Share	Jan. 31	Last Week's Rate		Closing	Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest				
HK Bank	835	837.50	835	835	firm	\$50	5.99
Union Ins.	71	72.50 s	70	71 s	steady	\$3.40	4.79
Lombard	32 b	33	32.50 b	33	+\$1	\$2	6.08
Wheelock	6.35	6.40 s	6.15 b	6.25 s	—10c	75c	12.00
HK Wharf	121 s	120	118 b	120 n	steady	\$6	5.00
HK Dock	49 b	51	50 b	50.50	+\$1.50	\$2	3.96
Provident	12.30 s	12.40	12.10	12.20	steady	\$1	8.19
HK Land	33.25	34.25 *	33.25	34	+\$75c	\$3.50	10.29
Realty	1.35	1.40 s	1.325 b	1.35 b	steady	15c	11.11
Hotel	16.50	16.60	16.50	16.60	+10c	\$1	6.02
Trams	23.90	24.50	24.30	24.40	+\$50	\$1.90	7.79
Star Ferry	126 s	126 s	123 b	126 s	steady	\$8	7.14
Yaumati	95 b	97.50	96	97.50	+\$2.50	\$7.50	7.69
Light	17	17.50	17.10	17.30	+30c	\$1.10	6.36
Electric	26.90	28.70	27	28.60	+\$1.70	\$1.80	6.39
Telephone	26.70	27.30	26.90	27.30	+50c	\$1.50	5.51
Cement	26.20	26.50 s	26 b	26.50 s	+30c	(\$3)	(11.33)
Dairy Farm	16.30	16.60	16.30	16.50	+20c	\$1.63	9.88
Watson	12.30	12.40	12.10	12.10	—20c	\$1	8.26
Yangtze	5.45 b	5.50	5.45 b	5.50	+\$5	65c	11.81
Allied Inv.	3.675 n	3.70	3.675 n	3.675 n	steady	25c	6.90
HK & FE Inv.	10 n	—	—	10 n	quiet	80c	8.00
Amal. Rubber	1.30	1.30	1.275	1.275	—2½c	30c	15.68
Textiles	4.575 n	4.575	4.50 b	4.575	steady	50c	10.93
Nanyang	8.40 b	8.60	8.40 b	8.50 b	+10c	\$1	11.76

**HONGKONG STOCK EXCHANGE  
IN JANUARY**

Light scale trading ruled throughout the month with a few counters registering fractional gains. Generally, price changes were narrow, and the market continued listless with a slight increase in the volume of business towards the end of the month.

**Banks and Insurances:** In spite of an increase in the final dividend for 1957, Hongkong Banks did not attract buyers until prices eased to lower levels when more activity was shown. Only moderate trading was reported in Union Insurance shares which eased to lower levels in sympathy with London prices. **Investment Companies:** Yangtzes led and more interest was taken in this section with Hongkong & Far Easterns registering gains. **Shipping:** Announcement of an interim dividend by Wheelocks caused prices to advance temporarily but interest and rates were not maintained although the market appeared firmer towards the end of the month. Light scale trading was reported in Union Waterboats. **Docks**

**& Wharves:** Activity in Hongkong Docks with moderate trading in Kowloon Wharf and China Provident shares was reported with little material change in rates. The final call and premium on new China Providents became due on 31st December, 1957. **Land & Hotels:** Hongkong & Shanghai Hotels and Hongkong Lands registered gains, with a fairly large turnover in Hotels. Increased activity was reported in Humphreys. **Public Utilities:** Greater activity was displayed in Hongkong Trams at substantially increased rates. Other shares in this group were dealt in upon a moderate scale with China Lights fractionally lower and Hongkong Telephones slightly higher. **Industrials:** Dullness prevailed in this section of the market with Green Island Cements firmer and Metal Industry shares easier. **Stores:** More interest was evinced in this group and increased deals in Dairy Farms, Watsons and Lane Crawfords at higher levels were reported. **Miscellaneous:** Business was negligible in this section. **Cottons:** Only moderate trading was reported in these shares. **Rubbers:** The increased

activity reported in this group during the previous month continued in Amalgamateds and Rubber Trusts; quotations were influenced by the price of Raw Rubber.

Dividend announcements were made by Hongkong & Shanghai Banking Corporation, Wheelock Marden & Co., Ltd., Chinese Estates, Ltd. and Star Ferry Co., Ltd.

Business during the month: \$11,203,480. Business in 1957: \$147,621,871. Business in January 1957: \$11,810,799.

**BUSINESS DURING JANUARY**

	Qty. of Shares
H.K. Bank	784
Lombard Insurance	480
Union Insurance	2,280
Allied Investor	2,500
Yangtze	17,600
H.K. & Far East Inv.	1,000
Union Waterboat	3,848
Asia Navigation	1,000
Wheelock Marden	58,340
Wharf Co.	1,200
C. Provident (O)	12,910
(N)	2,564

(Continued Next Page)

**HIGHEST AND LOWEST QUOTATIONS FOR SHARES IN 1957**

SHARES	HIGHEST	LOWEST	SHARES	HIGHEST	LOWEST
HK Government 3½% (1934)	\$90½	\$88	Public Utilities		
do 3½% (1940)	\$90½	\$88	HK Tramways, Ltd.	\$24.90	\$21.30
do 3½% (1948)	\$89	\$84	Peak Tramways Co., Ltd. (F. Pd.)	\$75	\$72
<b>Banks</b>			Star Ferry Co., Ltd. (F. Pd.)	\$39	\$36
H'kong & S'hai B'king Corp.	{ \$1820	\$1560	HK & Yaumati Ferry-Co., Ltd.	\$108	\$92½
(X All) \$910				\$23.70	\$21.40
H'kong & S'hai B'king Corp. London Register	{ £45	£45	China Light & Power Co., Ltd.	{ \$18.30	\$18.30
Bank of East Asia, Ltd.	{ \$272	\$344	(Rts) \$13½		\$12.30
<b>Insurances</b>			(O) \$18.90		\$16.90
Lombard Insurance Co., Ltd.	{ \$39½	\$32½	(N) \$17½		\$38.20
Union Ince. Socy. of Canton, Ltd.	{ \$97½	\$75	Macao Electric Lighting Co., Ltd.	{ \$10.30	\$9.45
China Underwriters, Ltd.	{ \$8.70	\$7.30	HK Telephone Co., Ltd.	{ (O) \$29	\$23.90
<b>Investment Companies</b>			Shanghai Gas Co., Ltd.	{ (N) \$26.20	\$23.40
Allied Investors Corporation, Ltd.	\$4.85	\$3.70		\$1.20	\$1.00
Yangtze Finance Co. Ltd.	\$6½	\$5.30	<b>Industrials</b>		
HK & Far Eastern Investment Co., Ltd.	\$11	\$9.60	Green Island Cement Co., Ltd.	\$39	\$22.10
<b>Shipping</b>			HK Rope Manufacturing Co. Ltd.	\$14.90	\$12.20
Indo-China Steam Navigation Co., Ltd. (Def.)	\$44	\$43½	Metal Industries Corporation Ltd.	\$1.65	\$1.10
Union Waterboat Co., Ltd.	{ (O) \$22.80	\$19.70	Amoy Canning Corporation (H.K.) Ltd.	\$38	\$32½
Eastern Asia Navigation Co., Ltd.	{ (N) \$21½	\$21½	<b>Stores</b>		
Wheelock Marden & Co. Ltd.	{ XCD (O) \$2.15	\$6.40	Dairy Farm, Ice & Cold Storage Co., Ltd.	\$16.80	\$14.60
(N) \$6½		\$6.40	A. S. Watson & Co., Ltd.	{ \$14.40	\$11½
<b>Docks, Wharves &amp; Godowns</b>			Lane, Crawford, Ltd.	{ \$32½	\$26
HK & Kowloon Wharf & Godown Co., Ltd.	\$125	\$93	Caldbeck, Macgregor & Co., Ltd.	{ (X All) \$14.20	\$13.40
Shanghai & Hongkew Wharf Co., Ltd.	\$1.30	\$1	Sincere Co., Ltd.	\$2.35	\$1.625
HK & Whampoa Dock Co., Ltd.	{ \$54½	\$43	China Emporium, Ltd.	\$9.30	\$9.30
	{ \$13.70	\$11.90	Sun Co., Ltd.	\$0.77	\$0.77
China Provident Loan and Mortgage Co., Ltd.	{ (X Rts) \$12.20	\$11.80	Kwong Sang Hong Ltd.	\$182	\$180
	{ (Rts) \$1.45	\$0.80	Wing On Co., Ltd.	\$70	\$63½
	{ (O) \$11.90	\$11.50	<b>Miscellaneous</b>		
Shanghai Dockyards, Ltd.	{ (P. Pd.) \$5.70	\$5.60	China Entertainment & Land Investment Co., Ltd.	\$23½	\$17.40
	\$1½	\$1	International Films Ltd.	\$0.45	\$0.20
<b>Mining</b>			H.K. Engineering & Construction Co., Ltd.	\$6	\$6
HK Mines, Ltd.	\$0.04	\$0.02	Vibro Piling Co., Ltd.	\$18.80	\$15.90
<b>Land, Hotels &amp; Buildings</b>			<b>Cotton Mills</b>		
HK & Shanghai Hotels, Ltd.	\$16	\$13.90	Textile Corporation of H.K., Ltd.	\$4.875	\$4.30
HK Land Investment and Agency Co., Ltd.	{ \$65	\$61½	Nanyang Cotton Mill Ltd.	\$0.95	\$7
Shanghai Land Investment Co., Ltd.	{ (X All) \$37	\$32	<b>Rubbers</b>		
Humphreys Estate & Finance Co., Ltd.	{ \$8.93	\$0.72	The Amalgamated Rubber Estates, Ltd.	\$1.575	\$1½
HK Realty & Trust Co., Ltd.	{ \$18.80	\$15.70	The Ayer Tawah Rubber Plantation Co., Ltd.	\$2.20	\$1.425
	\$1.625	\$1.30	Java Consolidated Estates, Ltd.	\$0.465	\$0.28
			N.V. Maatschappij Tot Mijn-Bosch-En Landbouwexploitatie in Langkat	\$1½	\$1½
			The Rubber Trust, Ltd.	\$1.675	\$1.20
			The Shanghai Kelantan Rubber Estates (1925) Ltd.	\$1	\$0.75
			The Shanghai-Sumatra Rubber Estates, Ltd.	\$2.60	\$2.60
			The Sungala Rubber Estate, Ltd.	\$1.425	\$0.93



Qty. of  
Shares

H.K. Dock	7,233
Shanghai Dock	1,100
H.K. & S. Hotels	71,310
H.K. Land	21,345
Shanghai Land	3,000
Humphreys	9,500
Realty	19,000
H.K. Tram	25,920
Star Ferry	235
Yaumati Ferry	3,148
China Light	87,698
H.K. Electric	49,913
Telephone	41,771
Caldbeck (Ord.)	120
Cement	4,360
Armoy Canning	200
Metal Industries	2,500
Dairy Farm	55,314
Watson	14,626
Lane Crawford	10,950
Sincere	3,432
Sun Co.	460
Kwong Sang Hong	184
Shanghai Gas	1,800
Textile	20,000
Nanyang Mill	10,700

## Rubber

Amalgamated Rubber	349,260
Ayer Tawah	3,252
Java-Consolidated	5,000
Rubber Trust	129,889
S'hai Kelantan	6,000
Sungala	6,800

## SINGAPORE SHARES

During the week ended January 31, tin commenced at \$363 per picul and gained a dollar before slipping off to \$358.87½, only to recover to \$361.12½ at the close. Rubber eased from 75½c. at the opening to 74½c. mid-week, ¾c. below the lowest price last year, but quickly recovered to close at 78c. without, however, affecting share prices.

Industrials suffered small losses daily, and were irregular at the close. Gammons eased from \$2.20 to \$2.17½ and Straits Times from \$1.75 to \$1.72. Following the announcement of a capitalisation issue of three for two, Straits Steamship had exchanges from \$19.00 to \$19.50, but eased to \$18.60 at the close. Prior to the announcement there were transactions at \$17.00. The largest fall, albeit small, was suffered by Wearnes which shed 10c. to close at \$2.97½. Metal Box held steady around \$1.53.

There was only restricted activity in Tins, which moved mainly within narrow limits and closed, for the most part, around the week's opening levels. Meru, however, eased throughout to close with sellers at 1/1½d. after exchanges at 1/6d. earlier. Kuala Kampar slipped to 27/3d. before recovering to 27/9d. Siamese Tin and Killinghall were steady at 8/- and 8/1½d. respectively. Petalings continued to ease and closed with sellers at \$2.15 after business at \$2.20. Rantau improved from \$1.55 to \$1.58c.d.

Only a handful of deals were recorded in dollar rubbers, and included Ayer Panas at \$1.88 & \$1.90 and Pajam between \$1.22½ & \$1.26. The Liquidator of Tapah announced a distribution of \$2.50 per share. Sterling Rubbers, too, came in for only small interest. Bagan Seria improved from 2/4d. to

## TRADE DEVELOPMENTS IN JANUARY

## CHINA TRADE

**China/UK Trade**—During the month, a British trader signed in Peking a trade contract for the exchange of more than £5 million worth of goods including wool from Britain and agricultural produce (oils, skins, silk, etc.) from China. Meanwhile, London shipped a sample bus direct to China; it will be used by Peking on experimental inter-city services around the capital. On January 6, an advertisement introducing Morris Minor cars appeared in the Peking's People Daily; the ad was inserted by Nuffield Exports Limited, Far East Administrative Office in Singapore.

In UK, British businessmen had already felt the pinch of Chinese cotton textiles. In 1957, Chinese grey cloth shipments to UK amounted to about 28 million square yards compared with 9 million in 1956 and 5 million in 1955. London therefore introduced a new regulation putting China on a similar footing to Japan. The China quota permits imports at approximately the same level as in 1957. The new restriction took effect on shipments dispatched after January 9 and reaching UK after March 8.

**China/Europe Trade**—Two European textile merchants went to Peking and arranged for shipments of Chinese textile goods to Netherlands and West Germany. According to the West German representative, Chinese textiles such as pajamas, embroideries and other hand-made goods have a good market in Europe.

**China/Japan Trade**—Peking's fertilizer buying agents left Japan after signing 9,500 million yen worth of contracts with Japanese manufacturers. Purchases included 400,000 tons of ammonium sulphate, 20,000 tons super-phosphate, 35,000 tons of urea and other fertilisers as well as large quantities of streptomycin and farming implements and machinery. In Canton, Japanese businessmen were getting ready for the Japanese Trade Fair in the Sino-Soviet Friendship Centre to be held in February; about 22,000 varieties of exhibits will be displayed.

**China/SE Asia Trade**—The Malayan Government introduced new measures to stop China from dumping cement in Malaya. Kuala Lumpur considers the

2/6d. and accounted for the major portion of business in this section. Sighting were steady at 1/3½d. as were Lower Perak at 1/8d.

Only modest business was written in Loans within quotations. The \$13 million Loan floated by Singapore City Council last September has received better support in recent months, and now only about \$1 million remain available.

A moderate volume of business was written in overseas investments, mainly in the U.K.

sales of Chinese cement at a ridiculously low price as one of Peking's measures to get pounds sterling. Specific licences are now required to cover imports of Chinese cement from any source.

In Bangkok some Thai merchants were still hoping that China might buy a large quantity of rubber from Thailand. They had been told by Chinese representatives at the Afro-Asian conference held recently in Cairo that China needed plenty of rubber and Ceylon could not supply enough and that it was difficult to get big enough quantities from Indonesia. Peking agents also promised that China would pay in Thai currency, sterling or any other currency. At present, most Thai rubber goes to the US.

**China's Trade with Other Countries**—China and Yemen signed a trade agreement covering China's exports of rolled steel, machinery & equipment, vehicles, building materials, chemicals, paper, textiles, metalware, bicycles, cigarettes, electric appliances, frozen beef & mutton, egg products, canned food, carpet, tea, cassia, peppermint products and china against Yemen's exports of raw coffee, cotton, cottonseed oil, oilseeds, hide, tobacco, walnuts, apricot kernels, beans, condiments, salt fish, minerals, silverware and industrial salts. China will also provide Yemen with an interest-free loan of 70 million Swiss francs under a 10-year agreement on scientific, technical and cultural co-operation. The loan will be made to enable Yemen to defray the cost of material and equipment supplied by China for the building of a motor road, a sugar factory, a tannery, an aluminumware factory, a textile mill, etc.

The volume of trade and the varieties of goods to be exchanged between China and North Korea this year under a Sino-Korean protocol signed in Peking will be much more than in 1957. China will provide Korea with coal, coke, raw cotton, cotton yarn, cotton cloth, machinery, steel rails, soya bean, industrial chemicals and other supplies. Korea, in return, will export pig iron, iron ore, steel ingots, high-speed tool steel, carbon tool steel, electrolytic lead and copper and zinc, ammonium sulphate, marine products, ginseng, etc.

## HK ENTREPOT TRADE

Business in the local commodity markets picked up after the holidays but the volume was still moderate because SE Asia, Korea and Taiwan had already exhausted 1957 import budgets while the allocation of 1958 funds was slow. Import restrictions in these countries and dwindled stock here of many popular merchandise also handicapped transactions. Exports to UK and US, particularly of HK manufactures, remained heavy but exports to Japan and Europe were lower chiefly due to reduced shipments of produce.

Imports of foodstuffs from China remained heavy but imports of metals, paper and other merchandise from UK, US, Europe and Japan slowed down. Traders here refrained from booking too much supplies from these sources because money remained tight here on account of the approaching Chinese New Year (February 18). Importers also anticipated lower indents in view of the world-wide downward trend of commodity prices.

The decline in entrepot trade was also reflected in official trade statistics: imports in January totalling \$404.6 million were \$2.4 m less than in the previous month and \$73.3 lower than in January 1957; exports amounting to \$236.9 m were \$1.3 m and \$68.4 m lower respectively.

**HK/China Trade**—China sent here large consignments of sundry provisions and foodstuffs, particularly preserved meat preparations, in anticipation of the seasonal demand before the Lunar New Year. There were also china, drawn lace work, embroideries, salt, joss sticks and paper, sawn timber, hog bristles, groundnut kernel, stones, cement, tea, paper, leather goods, egg products, beans, chemicals, bricks and pebbles but quantities were small. Peking reduced the supply of cement to the local market on account of its increased direct shipments of this item to SE Asia. Imports of frozen meat from China recently curtailed because stock here was heavy and local sales declined. It is more difficult to keep Chinese frozen meat in good condition than to cold-store Australian meat probably due to different processing methods used. Chinese products are also less competitive than when it was first introduced to the local market.

Demand from China for metals and fine chemicals remained keen but transactions were handicapped by low buying offers. Small lots of metals were absorbed from the local market by Peking purchasing agents but they were disappointed to find that prices could not be forced further down because there was no serious liquidation of merchandise in spite of the tight money among local dealers.

**HK/Japan Trade**—Imports from Japan were heavy during the first two weeks but slowed down in the second half-month. Cement and textiles constituted the bulk of consignments from Japan. Other principal imports were beanoil, canned food, fruits, sewing machines, plywood, china, paper, dyestuffs, fertilisers and sundries. Dealers here refrained from booking heavy supplies from Japan partly on account of high indents and partly due to the uncertain demand from SE Asia. Towards month-end, indents from Japan for paper, woollen yarn, blankets, etc. were slightly cheaper but many offers were still higher than local market prices; further drop in indents was anticipated.

With the exception of iron ore, other exports to Japan were limited to small lots; principal items included cotton

waste, hide, rosin, beans, woodoil. Enquiries from Japan for produce were not keen and orders for scrap metals covered only a few hundred tons.

**HK/UK Trade**—Cargo movements between HK and UK amounted to about 17,000 tons each way. In value however imports doubled that of exports. Principal imports were base metals, cotton and woollen textiles, dairy products, cigarettes, cosmetics, provisions and automobiles. Exports of produce slowed down but demand from UK for HK manufactures remained keen; interest was centred on cotton textiles, garments, plastics products, rubber shoes, wood manufactures, gloves and napery. Lancashire textilemen who had failed last year to persuade the Government to restrict imports of cotton cloth from Hongkong, India and Pakistan, were making up some new proposals to London for limiting imports of 'cheap' cloth from Asia.

**HK/Europe Trade**—Imports totalling 11,000 tons came chiefly from Italy, West Germany, Netherlands, Belgium and Switzerland. Italian woollen piecegoods and rayon products, West German toys and optical goods, Dutch dairy products, Belgium steels and Swiss watches continued to enjoy steady local and reexport demand. Several exporters in France tried to contact local dealers for the marketing of French fancy jewellery, shoes, electric appliances, wines and glassware in HK and the Far East. Representatives of two French firms will come here in February to promote the sales of French glassware, electric fittings and industrial chemicals.

Exports amounted to 7,000 tons. Orders from Europe covered mostly HK manufactures; demand was particularly keen from West Germany for pajamas, children's garments and ladies' wearing apparel. Many local manufacturers and exporters recently appointed agents and representatives in Hamburg and Bonn to handle the increased volume of business. Orders from Europe for produce were mostly for forwards and quantities were limited by the difficulty in procuring supplies from China.

**HK/US Trade**—Black plate, cotton, textiles, fruits, cosmetics, canned food and provisions constituted the major portion of 10,000 tons of imports from US; imports of automobiles were not as heavy as at this time last year. During the month, more orders reached here from US for grey sheeting, white shirting, shirts, garments and carved wood furniture but purchases of plastics products, rattanware and firecrackers reduced. Local manufacturers reported that inspection of cargo in America was becoming ever more strict while buying offers continued to decline. A rattan furniture exporter admitted that recently most of his consignments to US were rejected because the plastics coating on rattan had cracked, some on arrival in America and some after brief usage by customers. Meanwhile, leading local

garment factories are planning to display women's styles of HK silk at the coming (April 11/20) Washington State International Trade Fair at Seattle to stimulate exports of silk goods to US.

**HK/Thailand Trade**—Bangkok sent here over 10,000 tons of rice and regular consignments of hide, timber, live cattle, starch, groundnut, beans, maize and oilseeds. Purchases from here were limited to small quantities of a few items of metals, pharmaceuticals, chemicals, textiles, metalware and foodstuffs. Exports during the month totalled about 6,000 tons. Reports from Bangkok indicated that stocks of various imports were heavy there while prices remained at a low level on account of the weak purchasing power; tight money among traders there also handicapped purchases from Hongkong.

**HK/Indonesia Trade**—Imports from Indonesia improved to about 7,000 tons as a result of increased shipments of coal (1,860 tons) and sugar (4,000 tons) to the local market. Other principal imports included rattan, groundnut oil, rice bran and feather. Exports however amounted to 2,000 tons only. In view of the approaching Puasa Festival, Djakarta approved more imports during the month to relieve the shortage of consumer goods there. However there were more enquiries than orders from Djakarta for foodstuffs, paper, cotton textiles and other commodities. Many transactions fell through because buying offers were too low. Importers there were paying a high premium for foreign exchange certificates thus finding purchases from here too expensive.

Prospects are still uncertain because import funds in Djakarta are dwindling and authorities there have banned entry of luxuries and non-essentials; control was also tightened on imports of essential supplies. Djakarta at present is caught in a vicious circle—the curtailment of visible imports stimulates commodity prices and indirectly encourages smuggling; illicit imports inevitably exhausts the foreign exchange reserve thus forcing Djakarta to further cut import expenditures. Whatever funds Djakarta has left for licensed imports, a large portion will be used for direct imports from Japan instead of buying Japanese supplies from Hongkong thus restricting purchases from the local market to Hongkong manufactures and European goods.

Early last month, the military authorities in Sumatra eased restrictions on barter transactions allowing exporters there to use 20% of proceeds earned from exports for buying a wider range of commodities (including even luxuries) from Singapore and Malayan ports. Indonesian territories outside Java also obtained various merchandise from Hongkong but most supplies were imported from nearby Malayan ports. Djakarta however ordered regions outside Java to stop direct barter trade with Malaya and



other countries and declared illegal all regulations and procedures concerning foreign trade issued by military and civil authorities in these regions (Sumatra, Celebes, Moluccas and Borneo).

During the month, Djakarta also negotiated with HK shipping firms for the chartering of ships to run inter-island commerce in Indonesia; negotiations with Japanese shipowners had ended unsuccessfully.

**HK/Malaya Trade**—Imports of firewood, charcoal, rubber, feather, used tyres, timber, etc. from Singapore and other Malayan ports amounted to only 3,000 tons. Exports however exceeded 20,000 tons. The improvement in exports was partly due to better demand in Malayan markets on account of the approaching festive season but the heavy flow of commodities from Singapore and Malaya to Indonesian territories was actually the chief cause. Principal items shipped there included dried chilli, beans, tea, sundry provisions, vegetables, fruits, metalware, knitwear, cigarettes, shoes, shirts, garments, paints, plastics products, joss sticks and paper, pharmaceuticals, sugar and other consumer goods. Importers in Kuala Lumpur also returned to the local market for HK manufactured cement because authorities there had imposed new restrictions on imports of Chinese cement.

Towards month-end however demand from Singapore and Kuala Lumpur weakened probably on account of the strict preventive measures adopted by Djakarta to curb the illegal trade between Malaya and Indonesian territories outside Java. Reports from Singapore revealed that Djakarta had requested shipping firms in Singapore to deposit a bank guarantee of M\$500,000 before sending their ships to legalised barter ports such as Palembang and Belawan to ensure that these ships would not visit illegal ports and load additional cargo. During the month, several Singapore ships running the blockade were seized by Indonesia. According to an Indonesian Consulate spokesman in Singapore, the illegal barter business had already cost his government M\$30 million.

**HK/Philippines Trade**—Manila's import budget for the first six months this year amounts to US\$200 million; allocations to importers however will be 16% less than in 1957. Authorities there also stated that import control will remain strict. From the local market, Manila traders bought only small lots of oilseeds, beans and sundry provisions of SE Asian origin. After much delay, Manila also approved the exchange of 36,000 tons of copra for 50,000 tons of rice with a HK firm; shipments will be made against back-to-back L/Cs and prices were fixed at \$120 per ton for rice and \$170 per ton for copra.

Authorities in Manila continued to charge Filipino tourists in HK with the running of a multi-million-peso smuggling operation between HK and the Philippines. A Manila report claimed that stores there were well supplied

with undeclared and untaxed HK goods. The Secretary of Finance in Manila said that Filipino tourists in HK were spending about US\$225,000 daily and that the annual loss in revenue to Philippine Government might amount to US\$50 million.

**HK/Korea Trade**—Shipments from here to Korea declined to only 1,500 tons during the month. Demand from Seoul for paper covered many popular items but transactions were handicapped either by low buying offers or by short stocks here. There were also orders for torch, sewing machines, pharmaceuticals, metals, chemicals and woollen and rayon yarn but quantities involved insignificant. Prospects dull because Seoul is restricting purchases from here to essentials while at the same time depressing prices to the lowest possible level. Imports of cotton yarn and gallnut were not heavy; demand here was not as keen as before.

**HK/Taiwan Trade**—Imports averaged about 1,000 tons per week; sugar constituted the major portion of the tonnage while consignments of feather, tea, camphor products, ginger and citronella oil were limited to small quantities. Local restaurants also ordered 400 pounds of snake meat from Taiwan. Negotiations on the exchange of Taiwan mild steel round bars for HK scrap metals fell through on account of price difference. Taiwan also offered to supply HK with cotton yarn; dealers here considered indents too high.

Taiwan's import budget for the first quarter amounts to US\$14,170,000 which will be allocated as follows: to importers, \$6.5 million; for industrial raw materials, \$3.72 m; to government enterprises, \$3.2 m; to direct end-users, \$550,000; for reserve fund \$200,000. But during the month, exports to Taiwan remained slow totalling only about 1,000 tons. Orders covered only a few items of paper, fine chemicals and other essential supplies.

**HK/Cambodia Trade**—Imports of rice from Cambodia improved. There were also maize, beans and other staples but quantities moderate. Exports consisted chiefly of HK manufactured metalware and textiles; purchases of metals, paper, electric appliances, cigarettes and sundries from here were limited to small lots. Demand from Phnompenh for Chinese sundry provisions, sewing machines, medicinal herbs, joss sticks and paper, china and cotton goods weakened because China was sending these items direct to Cambodia under the Chinese Aid Program.

**HK/Laos Trade**—Dealers here anticipated that demand from Vientiane would improve as soon as authorities there begin to allocate 1958 US Aid Funds for imports.

**HK/Vietnam Trade**—Saigon earmarked US\$700,000 of American Aid Funds for paper imports. Purchases from here however were restricted to a few items and quantities involved small. Saigon invited tenders for the supply of fertilisers, outboard motors,

agricultural machinery, trucks, pumps and other equipment; dealers here were indifferent because such orders usually go to Japan and other direct suppliers. Exports during the month were therefore quiet consisting of only some joss sticks, sundry provisions, vegetables, enamelware, vacuum flasks and other metalware.

Reports from Saigon indicated that the recession in South Vietnam's internal trade was the direct result of a Chinese boycott. European businessmen there said that Chinese in Vietnam who had for years controlled most of the country's commerce were withholding capital and operating funds in retaliation against government restrictive controls over Chinese businessmen. According to Government sources there, however, the recession was a temporary result of transferring some business enterprises from Chinese to Vietnamese control.

Trade with North Vietnam remained on a low scale. Imports of tea, rice, turo chips, poultry, eggs, woodoil and other staples were limited to small lots while exports consisted chiefly of insignificant quantities of camphor products, paper, pharmaceuticals, paints, glass, used tyres, cotton textiles and wines.

**HK/Burma Trade**—Rangoon returned to the local market for the supply of groundnut oil, menthol crystal, metals,

chemicals, sundry provisions and HK manufactures; quantities involved however were small. Dealers here do not expect any sudden increase in shipments to that destination because Rangoon's current import budget for consumer goods and non-essentials is very lean while buying offers for industrial supplies are always extremely low. Imports of teak, feathers, beans and other staples from Burma remained on a moderate scale.

**HK/Ceylon Trade**—Orders from Colombo covered small quantities of plastics products, torch, batteries, enamelware, cotton textiles, wearing apparel, nylon products, dried chilli, camphor products and preserved ginger. There was no indication that demand from Ceylon might improve in the near future.

**HK/Australia Trade**—Frozen meat constituted the major portion of imports from Australia. Imports of wheat flour reduced on account of the keen competition from local products. There were also woottops, fruits, hide, raw sugar and dairy products from Australia but quantities were not very substantial. Exports of cotton textiles, cement, plastics products, wood-oil, camphor products, feathers and other produce remained on a restricted scale.

**HK/New Zealand Trade**—Shipments of shoes, leather goods, umbrellas, toys, cameras, furniture and many other items from here to New Zealand were handicapped by strict import control there. Towards month-end authorities there introduced new licensing arrangements to further restrict various imports.

**HK/Africa Trade**—Imports from East and South Africa amounted to 8,000 tons and 3,000 tons respectively; sugar made up about 50% of the tonnage from East Africa. Other principal imports were cotton, groundnut oil, tanning extract, tobacco, ivory, fruits, wheat bran, canned food and seafood. Exports to East and South Africa totalling 1,000 tons and 2,000 tons respectively were not as heavy as shipments to West Africa which bought from here about 5,000 tons of cotton textiles, enamelware, plastics products, aluminum ware and other HK goods.

**HK/Canada Trade**—Paper products, canned food, office appliances, pharmaceuticals, aluminum ingots and wheat flour remained major imports from Canada. Exports were quiet, only some woodoil, firecrackers and HK manufactures. Rubber shoes which usually constituted the bulk of exports recently attracted fewer orders from Canada because import duty there on this item had been increased.

**HK/India Trade**—More cotton yarn arrived from India in spite of low prices in the local market. Imports of tobacco, gunny bags and shellac however limited to small quantities. Exports consisted mostly of galangal, cassia, paper, torch bulb and pharmaceuticals; Chinese products made up about half of all consignments.

**HK/Pakistan Trade**—Dealers here reduced imports of cotton yarn from Karachi because prices in the local market were lower than new indents. Exports of Chinese paper and HK metalware were insignificant.

**HK/North Borneo Trade**—Shipments of cement, structural steel, stones, bricks and other construction materials to Brunei and Sarawak were active but each consignment limited to a small tonnage. Exports of foodstuffs, sundry provisions and HK manufactured paints, cotton textiles, enamelware, pressure lamps, torch batteries and other products also restricted to small quantities. Imports of rubber, rattan, hide, coconut, firewood and timber remained regular averaging about 2,000 tons a week.

#### HK COMMODITY MARKETS

**China Produce**—Demand from Japan still covered only a few items while Europe was interested chiefly in items which were difficult to procure from China. Singapore, Malaya, Philippines, Canada, Australia, Burma, India and Ceylon also provided selective demand but quantities involved were usually small. On account of the stock shortage here many transactions were concluded in forwards particularly in the case of woodoil. Spot dealings covered mostly maize, sesame and beans of Thai, Cambodian and Burmese origins as well as Taiwan tea and camphor products.

Among oilseeds, sesame retained strong demand from Japan, Canada and Singapore; Philippines absorbed some Cambodian seeds. Citronella oil of Taiwan origin was favoured by US but Europe preferred Chinese supply. Woodoil was marked down slightly in sympathy with lower indents from China but supply from Canton reduced and dealers here could only offer limited quantities of forward goods to Australia, Canada, Japan, and SE Asia. Groundnut oil remained firm; cost of African products advanced and demand from Burma revived. Bean oil also improved on higher indents from Japan and speculative demand here following the bullish trend of groundnut oil. Rosin remained firm throughout the month; supply from China was far from sufficient to meet the demand from Singapore, South America, Thailand and local factories. Dried chilli remained popular with Singapore and Ceylon but limited supply from China restricted the volume of the trade. Beans of SE Asian origin account for the bulk of the consignments to Japan and Singapore; Philippines bought some Thai green peas. Feather attracted more enquiries from Europe and Australia but short supply curtailed the business. Black tea of Chinese origin was marked up in sympathy with higher indents from the Mainland while Taiwan green dipped slightly because quotations from Taipei were fractionally lower. Demand from Europe, Japan and SE Asia for camphor products remained keen but supply from Taiwan and China remained inadequate.

**Metals**—The market was active with China, Thailand, Korea, Cambodia, Indonesia and Australia interested in structural steels, pipes, metal sheets and steel rope. Most transactions however fell through because in spite of the fact that prices here were at a low level buyers wanted to force quotations further down. On the other hand, dealers here anticipated firmer prices because local stocks were at a low level even in the case of round bars. Furthermore, local demand for structural steels and factory items remained strong. During the month, dealers here made light replenishments of blackplate, tinplate, galvanised iron sheets and other factory items; booking of round bars was postponed because indents were unattractive even after the recent small dip.

**Paper**—Korea remained the number one customer for paper; purchases from here however were restricted by inadequate stock of European and American goods as well as by low counteroffers from Seoul. Authorities there granted import licences only when HK quotations were more attractive than direct supplies from the West. This development enables a few dealers here who have good connections with European suppliers to monopolise exports of paper from here to Korea.

The market also registered demand from Indonesia, Thailand, Vietnam, Cambodia and Taiwan for various printing, packing and writing paper but quantities involved were not large and buying offers also low. Consequently prices were firm but difficult to advance even in the case of short stocked items.

Several consignments of paper arrived from Europe during the month but popular items remained short because new arrivals had mostly been sold last year to Korea as forwards. To replenish short stock here, local dealers booked small quantities of manifold and woodfree from China; poster, kraft, woodfree, bond, m.g. cap from Japan; kraft, woodfree, cellophane, sulphite and duplex board from Europe and UK.

**Pharmaceuticals**—Korea, Taiwan and SE Asia sent here more enquiries than orders for antibiotics, patent medicines and fine chemicals; trading was restricted by short stock here. Dealers were reluctant to keep heavy stocks of even popular items because export demand remained uncertain and buying offers from these sources were sometimes lower than replenishment costs.

**Industrial Chemicals**—The market was sluggish. Korea, Thailand and Taiwan were only interested in a few items; quantities moderate. Low buying offers also handicapped transactions. Soda ash, sodium bicarbonate, sodium hydrosulphite, sodium silicate, potassium bichromate, carbon black, calcium hypochlorite, petrolatum, shellac, formalin, chlorate of potash, linseed oil, caustic soda, tanning extract, red phosphorus, zinc oxide and ultramarine



blue retained steady local demand but consumption by factories here was too small to stimulate the market.

**Cotton Yarn**—HK yarn retained strong demand from Indonesia; orders from Djakarta covered about 10,000 bales during the first two weeks. UK and local weavers and knitters also provided steady demand for HK products. Consequently, total turnover during the month amounted to about 15,000 bales; local mills not only disposed of their old stock but also sold out even their May 1958 output in advance. Pakistan yarn registered some local business but high cost discouraged dealers from booking more supplies from Karachi. Indian yarn continued weak because supply was heavy while demand limited. Japanese and Korean products however were steady on low stock.

**Cotton Piecegoods**—Orders from UK, Africa, Indonesia and US absorbed spot goods of HK cloth (grey cloth, white shirting, coloured drill, etc.) and booked up even May output of most weavers here. Chinese grey sheeting remained weak because supply still exceed demand in the local market. Japanese grey sheeting improved on higher cost while white shirting remained firm throughout the month on strong demand from Cambodia, Thailand and local shirt makers.

**Rice**—The rice market was firm at the beginning of the month on account of increased Bangkok indents but as heavy consignments continued to arrive from Thailand and supplies from China and Cambodia also flooded the local market, prices were bearish towards month-end. Government announced that imports of rice in 1958 will remain under quota control.

**Wheat Flour**—Hongkong brands account for over 60% of wheat flour consumed by the local population. Japanese brands were next in popularity with local consumers on account of cheaper prices. Consequently, imported brands remained sluggish especially after the arrival of new supplies from US, Canada and Australia.

**Sugar**—Prices were weak throughout the month because exports remained slow while imports continued heavy. Taiwan granulated was particularly sluggish; dealers here could not interest overseas buyers to take it from here because direct offers from Taipei to the Middle East and other territories were sometimes lower than cif HK quotations. Hongkong Taikoo products were therefore forced down fractionally in spite of revived demand from Malaya. Brown sugar was also weak because imports from Africa and Indonesia totalled 8,000 tons during the month.

**Cement**—HK Green Island cement retained steady local demand and attracted renewed enquiries from Malaya and Singapore. Prospects of increasing shipments to Malayan markets brightened because freight charges for this item from here to that territory were reduced and authorities there recently adopted measures to restrict

imports of Chinese cement. Japanese cement also enjoyed strong local demand; imports during the month were heavy but prices remained firm because supply of Chinese cement from Canton reduced.

## HK COMMODITY PRICES

### PRODUCE

**Aniseed Oil**—Kwangsi, £108 per ton c & f Europe. **Cassia**—Broken, Kwangsi/Kwangtung, A grade, \$170 per picul. **Lignea**, 80-lb bale, \$230 picul or 200s per bale c & f Chittagong. **Coir Fibre**—South China \$116 per metric ton cif Japan. **Feathers**—Dyed hen feather, HK processed, 11d per lb c & f Europe. Duck feather, export, AAA 85%, 4s 3d per lb c & f Europe. Goose feather, HK, GGS 90%, 6s 9d per lb c & f Europe. **Gypsum**—Hupeh, white, \$13.50 picul. Kwangtung, brown, \$15.3 picul. **Graphite**—Hunan, 80/82%, £7/10/0d per metric ton c & f Japan. HK, 75%, US\$23 per metric ton fob HK. **Menthhol Crystal**—HK, \$38 lb. Taiwan, \$34. **Peppermint Oil**—HK, \$15 lb. Shanghai, \$22. Taiwan, \$14.50. **Camphor Tablet**—HK, 1/16-oz tablets, \$3.15 per pound; 1/8-oz tab, \$3.05; 1/4-oz tab, \$3; 1/2-oz tab, \$2.95 lb. **Camphor Oil**—Taiwan, in drum, \$128 picul. Kwangsi, \$120. **Dried Chili**—Kweichow, new, small, \$112 per metric ton cif Colombo. Hunan, large, \$1,805 per metric ton cif Port Swettenham. Shensi, new, \$1,871 per metric ton cif Singapore. **Sesame**—East Africa, yellowish-white, \$90 picul. Thailand, black, new, \$79.50. Cambodia, brown, \$74. **Rosin**—South China, mixed, A grade, \$101 per quintal; C grade, \$96. **Aniseed Oil**—China, in drum, \$1,080 picul. HK, export quality, \$830 picul. **Cassia Oil**—China, 80/85%, in drum, \$1,350 picul. North Vietnam, in drum, \$1,300. **Citronella Oil**—China, forward, 5s 2d per lb c & f Europe. Taiwan, forward, US\$0.72 per lb c & f New York. **Ginger Oil**—Shanghai, 190s per kilo c & f Europe. **Sassafras Oil**—Shanghai, 2s 9d per lb c & f Europe. **Spearmint Oil**—Shanghai, 40s per kilo c & f Japan. **Woodoil** (refined)—Spot, in bulk, \$132 picul; c & f Australia, forward, \$145 per long ton; c & f New Zealand, forward, \$149 per l.t.; c & f Japan, forward, \$140 per metric ton; c & f Canada, forward, \$120 per metric ton. **Turpentine**—South China, in drum, 1st grade, forward, £72 per metric c & f Australia. **Bitter Almond**—Tientsin, red membrane, new stock, \$175 picul. India, \$128. **Gallnut**—Hupeh, £400 per long ton c & f Japan. **Maize**—Cambodia, yellow, forward, \$23.30 picul. Burma, white, forward, \$20.40 picul. **Taro Chip**—Szechwan, \$120 per metric ton c & f Japan. **Broad Bean**—Chekiang, \$45.50 per picul. **Green Pea**—Cambodia, large, \$56 picul; Thailand, 1st, new, \$58; China, \$49/57. **Red Bean**—South Vietnam, 1st quality, \$58 picul; North China, \$61. **Soya Bean**—Dairen, new, \$48.50 picul; Cambodia, \$45.50; Africa, new, \$44.50. **Green Bean**—Hopeh, \$49 picul; Honan, new \$44.50. **Strins Bean**—Burma, large, forward, \$45.50 picul; Thailand, large,

new, \$48. **Groundnut Kernel**—Indonesia, white, \$81 picul; Philippines, large, \$87; Africa, medium, \$85; North China, \$93. **Groundnut Oil**—Africa, in drum, \$154 picul; China, new, \$137; Cambodia, in drum, \$130; Indonesia, \$140; Thailand, new, \$146. **Soyabean Oil**—Japan, spot, \$116 picul.

### METALS

**Mild Steel Angle Bars**—Europe: 1/8" x 1" x 1" and 1/8" x 1 1/4" x 1 1/4", \$44 per picul; 3/16" x 1 1/2" x 1 1/2", \$45; 3/16" x 1 3/4" x 1 3/4", \$44.50; 5/16" x 2 1/2" x 2 1/2", \$38; 3/8" x 3" x 3", \$40 per picul. **M.S. Flat Bars**—Europe: 1/8" x 1", \$46 per picul 1/4" x 1" to 2", \$45. HK: 1/8" x 1/2" to 1" and 1/4" x 1/2" to 2", \$36 per picul. **M.S. Round Bars**—Europe: 3/8" dia, \$38 picul; 3/4" dia, \$32; 1", \$36. HK: 1/4" to 1" dia, \$36. **M.S. Square Bars**—Europe, 1/2" to 1 1/2", \$45 picul. **M.S. Plates**—Japan, 4' x 8', 1/16", \$53 picul; 1/5", \$43; 1/2", \$44. **Galvanized Steel Sheets**—UK, 4' x 8' x 1/16", 56c per pound. **Steel Wire Rope**—UK, 24 x 6 x 7: 1", \$2.25 lb; 1 1/2", \$1.80; 1-3/4", \$1.68. HK, 24 x 6 x 720: 1", \$1.70; 1 1/4", \$1.50; 1 1/2", \$1.30. **Template Waste Waste**—Coked: UK, 18" x 24", \$88 per case of 200 pounds. Electrolytic: US, 18" x 24", 1 ton skid, \$77 per 200 lbs; UK, \$75. **Misprint**: US, 18" x 24" and larger, \$44 per picul. **Blackplate Waste Waste**—UK, 18" x 24" and larger, G29/G33, \$40.50 picul. **Galvanized Iron Sheets**—Japan, 3' x 7': USSG 32, \$4.90 per piece; USSG 33, \$4.75. **Aluminum Sheets**—Japan, 99.5% alloy, 4' x 8': G22, \$1.90 per lb; G24, \$1.95. UK, rolled, 99.5% alloy, 2' width: G22, \$1.90 lb; G24, \$1.90. **Zinc Sheets**—Europe, 3' x 8': G5, \$132 per picul; G6, \$119. **Steel Box Strapping**—Japan, cold rolled, black, 3/4" G20, \$57 picul. **Black Iron Pipe**—Europe, 18' to 22' length: 1 1/4" dia, \$0.80 foot; 1 1/2" dia, \$1 ft. **G.I. Pipe**—Europe, 18' to 22': 1" dia, 75c ft; 2" dia, \$1.67 ft; 3", \$2.80. **Wrought Iron Scraps**—1st choice, \$200 per ton; 2nd choice, \$95.

### PAPER

**Newsprint**—In reels, 31", 50/52 gr: US, 45c lb; Canada, 44 1/2c; China 44c; Japan, 42c; Norway, 44 1/2c; Austria, 44c; Finland, 45c. In reams, 31" x 43", 50/52 gr, 48/50 lb per ream: Europe, \$25 ream; Japan, \$21.50; China \$24. **Aluminum Foil**—Italy, Holland, Germany, 50 gr, 28-lb ream, 20" x 26", thick, golden colour, \$76/80 per ream; silver, \$48/52 per ream. **Cellophane Paper**—30 gr, 36" x 39": UK, \$72 ream; Japan, \$63/65; Italy, \$71; France, \$65; Sweden, \$71. 40" x 52": Sweden, \$107 ream; French, \$106. **Glassine**—Colourless, 30 gr, 30" x 40", 26-lb ream, Europe, \$33.50 to \$34.50 ream. Coloured, Europe, \$38.50 ream. **M.G. Cap**—White, China: 22/23 gr, 17 1/2-lb ream, 25" x 44", \$9.80 ream; 13.8 kilo ream, 31" x 43", \$16 ream. Coloured, Japan, 22 gr, 17 1/2-lb ream, 25" x 44", \$9.60 ream. **M.G. Pure Sulphite**—Sweden, 20 gr, 17-lb ream, 30" x 40", forward, \$14.80 ream. **M.G. Pure White Sulphite**—Europe, 34 gr,



40-lb ream, 35" x 47", \$28.50 ream.  
**M.G. White Sulphite**—Europe 40 gr, 47-lb ream, 35" x 47", \$30.50 ream.  
**M.G. Pitched Kraft**—Sweden, 100 gr, 117-lb ream, 35" x 47", \$95 ream.  
**M.G. Pure Ribbed Kraft**—35" x 47", Europe: 40 gr, 47-lb ream, \$31.80 ream; 39 gr, 46-lb ream, \$30.50 ream; 60/160 gr, 75/160-lb ream, 73c lb Japan: 38/39 gr, 45/46-lb ream, \$30.50 ream; 33/34 gr, 39/40-lb ream, \$25 ream; 60/100 gr, 58/120-lb ream, 65c lb. **Unglazed Pure Kraft**—Japan, 80/140 gr, 90/160-lb ream, 35" x 47", 65c lb. **Bond**—22" x 34", 60 gr, 32-lb ream: Europe, with water mark and brand name, \$26.50/\$31.50 ream; Japan, with water mark and brand name, \$23.50 ream. Coloured, Europe, \$33.50 ream; Japan, \$25. **Wood-free Printing**—31" x 43", Japan, 60/100 gr, 57/100-lb ream, 68c lb. **Manifold**—22" x 34", Europe, 30 gr, 16-lb ream, \$17/\$18.30 ream; China, 28 gr, 15-lb ream, \$12.50 ream. **Tissue**—Austria, 25" x 44", 17 gr, 13½-lb ream, \$17 ream. Norway or Sweden, 17 gr, 15-lb ream, 30" x 40", \$16 ream. **Strawboard**—26" x 31", 8/16-oz, prices per ton: Holland, \$480; Japan, \$500; China, \$485; Taiwan, \$475.

#### PHARMACEUTICALS

**Penicillin Oral Tablets**—US, expiration date, 1962, 80c per carton of 12 each of 50,000 units. UK, 1961, 60c per carton of 12's. **Penicillin-G (Procaïne)** in oil with Aluminum Monostearate—UK, 1960, \$1.40 per vial of 10 cc each cc containing 300,000 units. US, 1962, \$2.10 per 10 cc vial. **Dihydrostreptomycin**—UK, 1962, 72c per vial of 1 gram. **Sulfadiazine Powder**—UK, 1-cwt drum, \$21.50 lb. **Sulfathiazole Powder**—UK, 1-cwt drum, \$10.80 lb. **Sulfaguanidine Powder**—UK, 50-kilo drum, \$7.70 lb. **Sulfamerazine Powder**—Holland, \$18.50 lb. **Amidopyrin**—France, 1-lb package, \$18.80 lb. **Mercurochrome Crystals**—UK, \$34.20 per 500-gram bottle. **Saccharum Lactose**—UK, 56-lb tin, \$1.03 lb. **Aspirin Powder**—Australia, \$3.20 lb. Europe, \$3.25. **Vitamin C**—Germany, \$53.50 kilo. Canada, \$58. **Vitamin B1**—Europe, \$208 per kilo. **Gum Acacia**—UK, \$2.40 lb. **Saccharine**—UK, \$6.50 lb. Japan, \$4.60.

#### INDUSTRIAL CHEMICALS

**Citric Acid** (crystal)—UK, 1-cwt keg, \$2.30 lb. **Cresylic Acid**—UK, 448-lb drum, 75c lb. **Oxalic Acid** (crystal)—Japan, 50-kilo case, 82c lb. **Sulphuric Acid**—HK, 750-lb drum, 13c lb. **Bicarbonate of Soda** (refined)—China, 50-kilo bag, \$21 bag; UK, 100-kilo bag, \$48.50 bag. **Carbon Black**—Germany, 145½-lb case, \$65 per case. **Caustic Soda**—China, 200-kilo drum, \$114 per drum; Germany, 400-kilo drum, \$545 per ton; UK, 340-kilo drum, \$220 per drum. **Chlorate of Potash**—Japan, 50-kilo case, 75c lb. **Formalin**—UK, 504-lb drum, 36c lb. **Glycerine**—Holland, s.g. 1,260, 250-kilo drum, \$1.65 lb. **Gum Arabic**—Sudan, 100-kilo bag, \$1.03 lb. **Gum Copal**—Malaya, No. 1, 140-catty gunny bag, \$215 per picul. **Gum Damar**

—Malaya, No. 1, 140-catty gunny bag, \$28-picul. **Hyposulphite of Soda**—UK, 50-kilo paper bag, 30c lb. **Lithopone** (30%)—Europe, 50-kilo paper bag, 37c lb. **Paraffin Oil**—US, white, 53-gallon drum, \$231 per drum. **Petrolatum**—Germany, amber, 180-kilo drum, 26c lb. **Shellac**—India, lemon, No. 1, 164-lb case, \$232 picul. **Soda Ash**—China, \$28 per 80-kilo bag. **Tanning Extract**—Mimosa, 47/52c lb; Quebracho, 70c. **Ultramarine Blue**—Europe, 50-kilo barrel, \$88/125 per picul.

#### COTTON YARN

**Hongkong Brands**—10 counts, \$770 to \$920 bale; 20's, \$900 to \$1,060 bale; 30's, \$1,350 to \$1,370; 32's, \$1,320 to \$1,400; 40's, \$1,460 to \$1,500; 42's, \$1,650. **Japanese Brands**—32's, \$1,250 to \$1,270 bale; 40's, \$1,280 to \$1,320; 42's, \$1,450 to \$1,480. **Indian Brands**—10's, \$760 to \$810; 20's, \$880 to \$980; 32's, \$1,130. **Pakistan Brands**—10's, \$770 to \$830; 20's, \$920 to \$1,020; 32's, \$1,150 to \$1,270. **Korean Brands**—10's, \$830; 20's, \$1,000; 32's, \$1,270 bale.

#### COTTON PIECEGOODS

**Grey Sheeting**—China: 63 x 64, 36" x 40 yds, \$34 pc; 72 x 69, 38" x 40½ yds, \$28; 60 x 60, 36" x 40 yds, \$32.80; 60 x 56, 36" x 40 yds, \$32. **Hongkong**: 60 x 56, 36" x 40 yds, \$37.50; 60 x 60, \$37.50 to \$38.50. **India**: 44 x 48, 35" x 40 yds, \$23.50; 40 x 36, \$22.30. **Japan**: 72 x 69, 38" x 40½ yds, \$28.20. **Grey Jeans**—China, \$27.20 pc. **HK**, 30" x 40 yds \$27 pc. **White Shirting** (poplin)—36", Japan, \$1.08 to \$1.51 per yd.

#### RICE

**Whole Rice**—Thailand, white, 100%, 1st grade, \$59 picul; 2nd grade, \$56.80. **White Rice**—Thailand: 5%, new, 1st, \$53.60; 10%, new, 1st, \$51.60; 3-quarter, \$45. **Cambodia**: 1st quality, \$49.50; 2nd quality, \$52. **North Vietnam**: 1st, \$46.50; China: 1st, \$53; 2nd, \$52; Burma, \$38. **Broken Rice**—Thailand: Al extra, \$42.80; Al special, new, \$39.80; C1 special, new, \$31.20; C2, \$29. **North Vietnam**, \$33; Cambodia, \$33.20. **Glutinous Rice**—Thailand, 2nd grade, broken, \$28.50.

#### WHEAT FLOUR

**Australian Brands**—\$40 per 150-lb bag; \$12.70 to \$13.70 per 50-lb bag. **US Brands**—\$27.50 per 100-lb bag; \$11 to \$15.70 per 50-lb bag. **Canadian Brands**—\$35 per 100-lb bag; \$15.60 to \$18 per 50-lb bag. **HK Brands**—\$12.70 to \$15.50 per 50-lb bag; \$36.50 per 150-lb bag.

#### SUGAR

**Granulated Sugar**—Taiwan, refined, No. 24, \$44.50 picul; HK, fine, \$44; Japan, fine, \$45.20. **Brown Sugar**—HK, granulated, \$37; Philippines, \$40; Indonesia, \$39.50; Africa, 1st grade, \$39.20. **Slag Sugar**—HK, special, \$42.50. **Canton**, \$45. **Malt Sugar**—Thailand, \$34.50.

#### CEMENT

**Hongkong Brands**—Emeralcrete, 112-lb bag, \$8 bag. **Emerald**: \$6.40 per

112-lb bag; \$5.80 per 100-lb bag. **Snowcrete**: \$73 per 375-lb drum; \$16 per 1-cwt bag. **Chinese Brands**—\$110 per metric ton forward, cif HK ex-ship, packed in 45-kilo bags. **Japanese Brands**—\$5.70 per 100-lb bag.

## HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the fortnight ended December 28, 1957; all capital is nominal and in Hongkong Dollars:—

**Yu Fung Co.**—Pawnbrokers and money lenders; Capital, 1 million; 273 Queen's Road Central, Hongkong; Subscribers: Lo Yu Chick, 38 Western Street, Hongkong, merchant; Lo Tse Sui Tim, 38 Western Street, Hongkong, married women. **Hip Thai Enterprise**—Dealers in mortgages; Capital, 250,000; 14A Printing House, Hongkong; Subscribers: Roberto Choi, 170E Boundary Street, Kowloon, merchant; Saw Eong Seng, 173 King's Road, Hongkong, merchant; Chan Kie Chun, 26 Wesley Village, Tai Hang Road, Hongkong, merchant. **Shing Hing Fook Knitting Factory**—Capital, 100,000; Subscribers: Fong Yip Chin, 52 Shek Ku Lung Road, Kowloon City, merchant; Wong Mook Sang, 165 Camp Street, Kowloon, merchant. **Lap Shing Land Investment Co.**—Capital, 600,000; 138 Wing Lok Street, Hongkong; Subscribers: Chan Chong Muk, 3 Gordon Road, Hongkong, merchant; Chan Chee Ming, 138 Wing Lok Street West, Hongkong, merchant. **Alhambra Investment Co.**—Capital, 1,200,000; China Building, Hongkong; Subscribers: Kwan Kai Ming, 152 Nga Tsin Wai Road, Kowloon, merchant; Chui Yu Chuen, 71 Granville Road, Kowloon, merchant; Tseng Cheng, 95 Austin Road, Kowloon, merchant; Cheng Keng Chuen, 1 Yuen Ngai Street, Kowloon, merchant. **Aldo**—Managers of theatres; Capital, 10,000; 1 Des Voeux Road Central, Hongkong; Subscribers: Alonzo Bain Shattuck, 255 North Macguire, Warrensburg, Missouri, U.S.A., merchant; Doris Lee Shattuck, 255 North Macguire, Warrensburg, Missouri, U.S.A., entertainer. **E. Van Hazebrouck (HK)**—Importers & exporters; Capital, 10,000; Subscribers: Edward Gerald Smith-Wright, 8 Burnside Estate, Hongkong, company director; William Shao Tson Lee, 78 Kimberley Road, Kowloon, merchant. **Kiddle Shoppe**—Importers & exporters; Capital, 200,000; 10 Ying Fai Terrace, Hongkong; Subscribers: Tam Ching Shing, 10 Ying Fai Terrace, Hongkong, Lo Kai Ying, 89 Gloucester Road, Hongkong; Lo Lai Chan, 10 Ying Fai Terrace, Hongkong. **Silk Textiles (HK)**—Dealers in textiles; Capital, 1,000,000; 501 Bank of East Asia Building, Hongkong; Subscribers: Sheung Ping Shu, 128 Boundary Street, Kowloon, merchant; Au To Sang, 111 Boundary Street, Kowloon, merchant; Yee Tseng Shu, 10 Cornwall Road, Kowloon, merchant.



## HONGKONG COMPANY MEETINGS

### CHINA LIGHT & POWER CO.

Chairman L. Kadoorie presented the following report for the year ended September 1957:

In June the last 20,000 kW Turbo Alternator was commissioned. Construction work on the Hok Un "B" project progressed well, the section of Turbine Room to house the first of three 30,000 kW Turbo Alternators, as well as the Boiler House for two higher pressure Boilers, is nearing completion. The underground circulating water culverts and the new Screen House were completed and also the 33 kV Switchhouse in which new switchgear is at present being erected. Sea wall and reclamation were also completed and a 10,000 ton fuel oil tank is at present being erected at one end of this site.

During the year twenty-eight miles of underground cable were laid and fifty miles of copper were added to overhead transmission lines. 224 new street lights were installed, 20,158 meters were calibrated for service and some 27,449 installations were checked prior to connection to the Company's mains. In order to ensure continuity of supply, particularly during the lightning season, two 33 kV underground cables from Lai Chi Kok to Tsun Wan are now being laid. This underground supply will be extended to the major cotton mill area beyond Tsun Wan and, later, to the take-off point of the undersea cable supplying Lantau. The technical problems connected with laying the submarine cable to that Island have been solved, and supply is already available at Silvermine Bay. The overhead line extends to Shek Pik, providing electricity to the engineers now investigating the feasibility of a new reservoir. It is of interest that an important sale of industrial land on Lantau was made by public auction in July when 56,730 sq. ft. were sold at just over 15 cents per sq. ft. Negotiations are in progress for the establishment of a Steel Mill at the southern end of the Island, and it is hoped that Government will encourage this scheme which will introduce heavy industry to the Colony and will be a very substantial pioneering project on Lantau. The Company's policy of making supply available in outlying districts has been and is a major factor in the promotion of the Colony's industrial development.

Sales of bulk power have risen from 10 million units to 200 million units in the period 1947-1957. Amongst the large consumers connected during the year were the Pumping Station at Shing Mun Road and 396 new factories covering the following industries:—furniture 16, quarries 12, garment 99, leather goods 11, plastics 36, shipyards 2, engineering 65, printing and stationery 7, weaving 49, radio 2, rubber 4, silk 1, paint 4, battery 2, sawmills and woodworks 8, hand bags 2, foodstuff 19, bakelite 2, foundry 3, ceramic 1, laundry 5, watch cases 2, dyeing 7, chemical 2, textile 11, hat 1, rattan 6, miscellaneous 17.

The tremendous expansion of the Colony, both industrial and residential, and the fact that we are dependent for deliveries of machinery and replacements on the United Kingdom has made the problem of maintaining a continuous and unlimited supply difficult to resolve. Orders for plant take two to three years to fulfil and, in addition, several months are required for erection and commissioning on arrival. Our programme was based on promised dates for completion but unforeseen delays occurred. Although in the postwar period in many parts of the world, including Hongkong, public utilities have been unable to cope with the demand, we have never refused supply to industry.

We believe that the new Technical College in Kowloon is destined to play a most important part in supplying skilled

technicians and have therefore approved the gift of \$200,000 for the building and partially equipping an electrical machines laboratory, to be erected within the Technical College compound at Hung Hom and to be known as the "China Light & Power Co. Electrical Machines Laboratory." This unit will provide modern training in the operation and maintenance of electrical machines.

Accounts: \$10 million has been transferred to "Earnings Retained and Re-invested in the Business". Unappropriated profits brought forward from last year amounted to \$1,800,980. The balance available from Profit and Loss Account is \$10,220,687. The Interim Dividend of 30 cents per share accounted for \$2,750,000-leaving \$9,261,667 available for distribution as follows:—to pay a Final Dividend of 80 cents per share on the "old" shares, \$7,360,000; and to carry forward to next year's accounts, \$1,901,667.

### LOCAL PRINTING PRESS

Mr. B. W. Bradbury, Chairman, reported a profit of \$1,617,709 for the year ended June 1957. Together with \$120,753 brought forward from the preceding year and \$9,212 overprovided for Corporation Profit Tax 1957/8, a sum of \$1,747,674 was available for appropriation. Total Assets of \$8,133,896 show an increased value of \$682,645 after allowance for appropriate depreciation. After placing \$586,880 to General Reserve a \$2 per share dividend was paid absorbing a total amount of \$942,680.

The Chairman further stated: We now own four large properties in Hongkong namely, Printing House, Caxton House, Stanhope House and Baskerville House and, apart from our own Printing Department with its machinery and stocks, we fully own Ye Olde Printerie, Ltd. together with machinery and stocks. After paying the dividend of nearly a million dollars we are practically free from all indebtedness.

We have, during the years, made several applications to the Hongkong Stock Exchange for permission to have the shares of our company listed with them, but the Stock Exchange insisted that our shares be offered at a substantially lower rate than our shares have been changing hands for the past few years. The Local Printing Press, Ltd. was established and registered as a Hongkong private limited company more than 50 years ago, and it was registered as a Hongkong public limited company in 1950. We can only hope that in the near future a reasonable figure for the marketing of our shares will be agreed upon and then the general public will be given an opportunity to acquire them at an attractive price.

### SANDAKAN LIGHT & POWER CO.

At the annual meeting held here recently, Major S. M. Churn, Chairman, reported that the Company made a profit of \$101,575 in the year ended June 30 1957 compared with \$99,647 in the previous year. However, owing to certain commitments and negotiations under way it was decided not to recommend a dividend. The upward trend in the sales of electricity continued during the year and units produced were an increase of some 16 per cent over the figures for last year. The increase in sales was slightly offset by a more than proportionate rise in costs and this is reflected when comparing gross profit on Working Account at \$215,300 with last year's figure of \$192,600, an increase of 11.8 per cent only. This rise in costs was in the main the result of additional fuel costs per unit generated. It had been



## HONGKONG'S GEOGRAPHY

(Continued from Page 213)

Fruit-bearing herbs include several wild hollies, *Melodinus*, *Strychnos*, wild kamquat, *Gardenia*, *Maesa*, *Mussaenda* ("the Buddha's Lamp"), *Dichroa*, several species of *Callicarpa*, *Dianella*, in the lily family, *Raphiolepis*, the so-called Hongkong bracken, wild jasmine and wild persimmon.

Among fruits that are either poisonous or useful for medicine, are *Strophanthus* and *Strychnos*, *Gelsemium*, and *Cerbera*, abundant near the sea. Edible fruit includes a wild jackfruit, *Artocarpus*, rose-myrtle fruits, and wild bananas. Several species of persimmon are wild, but their fruits are too astringent to be eaten raw.

There are numerous plants which closely resemble their European relatives. Old Man's Beard, the common clematis of the English hedgerow, has five close relatives here. There are four wild violets, but, like the English dog violet, they are scentless. English honeysuckle has five relatives; their Cantonese name is kam ngan fa (gold and silver flower), given because of their change in colour with age from white to yellow.

There is a fine wild iris, further south than any other true iris, and a wild lily growing on some hillsides, with individual flowers sometimes seven inches long. By the sea a wild *Crimum* is found, and *Bellamcanda*, in the iris-family.

In damp ravines may be found *Didymocarpus*, several *begonias*, a fragrant-leaved rush, stag's horn mosses, numerous

hoped to bring the 'Crossley-Premier' diesel alternator into production early in 1957, but due to technical problems this was not possible until last June. However, results for the first quarter of the current financial year show an encouraging improvement over the similar period last year; the average cost of fuel per unit generated dropped 13.5 per cent whilst sales of electricity continue to rise.

In January last year a corporation called the North Borneo Electricity Board was established by the North Borneo Government, with powers to acquire the existing electrical installations owned by that Government and also to negotiate for the acquisition of other electrical installations in the Colony of North Borneo. The North Borneo Electricity Board are interested in acquiring our undertaking and, at their suggestion, we agreed that an independent valuation of our assets be made in order to serve as a basis for further negotiations on a takeover price. The cost of this valuation is to be borne equally by the North Borneo Electricity Board and this Company, and it has been agreed that it is undertaken without commitment to its acceptance by either side.

In view of these negotiations and bearing in mind existing commitments to bankers and the need to find cash for tax liabilities, we have reluctantly decided that it would not be in the best interests of the Company to recommend a dividend for the year ended June 30 1957. That the results achieved justify a dividend cannot be gainsaid, but it is considered that this would be a most inopportune time to burden the Company with further loans as would be necessary if a distribution were to be made.

## UNITED COMMERCIAL BANK

The net profit of the United Commercial Bank Ltd. (Head Office, Calcutta) for the year ended December 1957, after providing for all known and anticipated charges and including Rs.29,419.68 brought forward from the previous year, amounts to Rs. 5,999,432.18. Among other appropriations, a sum of Rs.1,900,000 has been transferred to the Reserve Fund which now stands at Rs.13,400,000.

orchids, giant aroids, tree ferns, and countless kinds of smaller ferns, including maidenhair and the local Royal ferns. On hillsides English bracken, a cosmopolitan plant, may be seen growing together with the so-called Hongkong bracken, *Gleichenia*, and a fragrant-leaved myrtle called *Baeckia*.

## Fauna

The commonest mammals are barking deer, wild pig, and civet. Barking deer, or muntjac, are numerous enough to be destructive of crops in the more remote, upland villages of the New Territories, but are not numerous enough to encourage villagers to be professional hunters. Due to their shyness and nocturnal habits, these small deer are seldom seen; they are to be found in the Saikung region, on Lantau, and even in the Peak District on Hongkong Island. Wild pigs are a recurring nuisance in remote villages, and are the most usual quarry for amateur hunters. They are found in the wilder parts of the Saikung and Shataukok regions, along the Pat Sin Range, and on Lantau Island. Malacca civets, found chiefly on the upper slopes of Taimoshan, have a commercial value for trappers, civet flesh providing one of the most famous Cantonese cold-weather dishes.

Other mammals, all rare, include ferret-badgers, the crab-eating mongoose, the large Chinese civet, the masked or gem-faced civet, the dhole, or wild red dog, and the South China red fox. Tigers have on various recorded occasions been seen in the Colony, but in each case they were almost certainly visitors from farther inland.

Among rodents, the most troublesome in country areas are porcupines and paddy rats, which do considerable damage to rice crops. Domestic rodents include the cosmopolitan common brown rat, the buff-breasted rat, and the house shrew.

The Colony's birds may be divided into residents, winter visitors, summer visitors and passage migrants, and for the bird-watcher the variety of species which may be seen in the course of a year provides continuous interest. The families of birds so far recorded include crows, babblers, bulbuls, thrushes, redstarts, flycatchers, minivets, drongos, warblers, starlings, weavers, finches, buntings, swallows, wagtails, cuckoos, kingfishers, owls, falcons, pigeons, rails, gulls, terns, plovers, sandpipers, herons, ducks and grebes, to mention only those represented by several species.

Among the Colony's snakes those most commonly encountered are harmless. They include the common rat snake, or dhaman, the Indo-Chinese rat snake, and the chequered water snake. The small bright green bamboo snake is the commonest of the few poisonous reptiles to be found. Indian cobras and pythons exist in the Colony, but are rarely encountered. Of the various sea-snakes found, all are poisonous but inoffensive, and none of them attack swimmers.